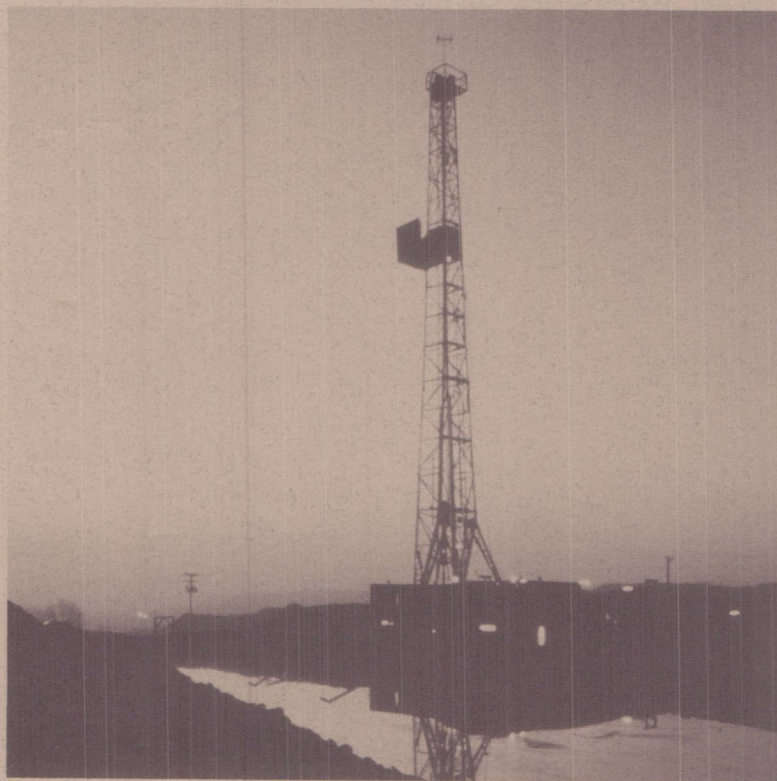


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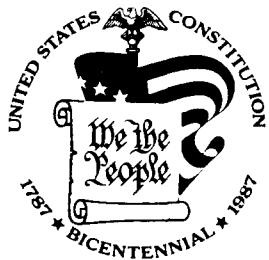
Profiles of Foreign Direct Investment in U.S. Energy 1985



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Profiles of Foreign Direct Investment in U.S. Energy 1985

Energy Information Administration
Office of Energy Markets and End Use
U. S. Department of Energy
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Preface

In accordance with Section 657, Subpart 8, of the Department of Energy Organization Act, the Energy Information Administration (EIA) prepares an annual report for the Secretary of Energy and for transmittal to Congress. This report summarizes the activities in the United States by foreign-affiliated companies that own or control U.S. energy sources and supplies.

Presented in this report, for 1985, are profiles of foreign direct investment in U.S. petroleum (including natural gas production); foreign-affiliated companies' energy production, processing, distribution, and reserves; and foreign-affiliated energy companies' financial performance and investment activity in 1985. Additionally, profiles of U.S. companies' energy operations abroad and comparisons of foreign-affiliated companies to U.S. energy companies are presented. The information is intended for use by the Congress, Government agencies, energy industry analysts, international trade and finance analysts, and the public.

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Executive Summary

According to a Congressional report on foreign investment¹

The Congress and the public have expressed serious concerns about the impact and effects of foreign investment in the United States. They are concerned about the possibility that, if the assets or the natural resources of large U.S. firms end up under foreign control, those firms could be operated in ways ultimately harmful to U.S. national interests. These concerns arise out of the reports of foreign takeovers of high technology U.S. firms, acquisitions of U.S. farmland, investment in U.S. banks and government securities, and large foreign purchases of U.S. energy and other natural resources with the concomitant export of these scarce resources. Some of these concerns may be unfounded, but it is self-evident that both the Congress and the public must be fully apprised of the impact and effects of foreign investment to make these judgments.

The above concerns extend specifically to involvement of foreign interests in U.S. energy as evidenced by Section 657, Subpart 8, of the Department of Energy Organization Act (Public Law 95-91). This act requires that the Secretary of Energy report to the President for transmittal to Congress:

... to the extent practicable, a summary of activities in the United States by companies or persons which are foreign owned or controlled and which own or control United States energy sources and supplies, including the magnitude of annual foreign direct investment in the energy sector in the United States

The Energy Information Administration (EIA) annually prepares a report in accordance with the legislative requirement. Versions of the report, for years prior to the 1983 reporting year, have appeared as Appendix A in the U.S. Department of Energy's Secretary's Annual Report to Congress. Beginning with the 1983 reporting year, the annual report on foreign involvement in U.S. energy has been made available by the EIA in published form. This makes the information contained in it available on as timely a basis as possible.

This report profiles the role of foreign ownership in U.S. energy in 1985, with respect to investment, energy operations, and financial performance. Data from the EIA, Department of Commerce, company annual reports, and other public disclosures of investment transactions are all utilized.

Highlights of the information in this report are given below:

¹ Committee on Government Operations, The Adequacy of the Federal Response to Foreign Investment in the United States (August 1, 1980), p. 2.

- The foreign direct investment position (FDI)² in U.S. petroleum³ was \$28.1 billion in 1985, a \$2.7-billion, or 11-percent, increase from the 1984 level. As a share of total FDI in the United States, petroleum FDI remained at 15.4 percent in 1985.
- As was the case in 1984, the largest FDI-related transaction involved the acquisition of increased ownership of Shell Oil Company by the Royal Dutch/Shell Group of Companies. Royal Dutch/Shell gained 100 percent ownership of Shell Oil Company by purchasing common shares for \$1.2 billion. In 1984, Royal Dutch/Shell purchased common shares of Shell Oil for \$4.5 billion.
- In 1985 a major focus of FDI-related activity involved the purchase of energy assets from U.S. companies by foreign-affiliated companies, as the former companies restructured their operations. Related transactions include:
 - Broken Hill Proprietary, Ltd., acquired the oil and gas reserves of Monsanto Company for \$745 million;
 - Standard Oil Company (formerly, Standard Oil of Ohio) purchased downstream petroleum assets of Gulf Oil for \$613 million; Chevron Corporation sold these assets subsequent to merging with Gulf Oil in 1984;
 - Atlantic Petroleum Company, a Netherlands company, purchased Atlantic Richfield's Philadelphia refinery and east coast gas stations for \$420 million;
 - Shell Oil purchased 400 gas stations from Atlantic Richfield for an estimated \$150 million;
 - Santa Fe International, which is owned by Kuwait Petroleum Corporation, purchased Keydril Company for \$190 million from Chevron Corporation. Keydril was a subsidiary of Gulf Oil, engaged in exploration and drilling for oil and gas, which was acquired by Chevron in its merger with Gulf Oil in 1984.

² FDI is the cumulative net flow of funds between a foreign-affiliated company and its foreign owners. The United States Department of Commerce, the agency that collects data on FDI, measures FDI as the book value of foreign parents' equity in, and net outstanding loans to, their U.S. affiliates. The Department of Commerce defines a U.S. affiliate as a U.S. business enterprise in which one foreign direct investor owns 10 percent or more of the voting securities or the equivalent.

³ For the purposes of reporting FDI, petroleum includes oil and gas production, oil field drilling and services, and petroleum refining, marketing, and transport.

Other acquisitions by foreign-affiliated energy companies in excess of \$100 million include:

- Acquisition of Energy Reserves Group, Inc., by Broken Hill Proprietary, Ltd., for \$227 million;
- Placer Development, Ltd., a Canadian firm, purchased the stock of Prairie Producing Company for \$194 million.

European interests continued to account for over 90 percent of petroleum FDI in 1985. Between 1980 and 1984, the Canadian share of FDI in U.S. petroleum declined from 15 percent to 6 percent and remained at 6 percent in 1985, in part reflecting changes in Canadian energy policy incentives.

The aggregate return on equity of foreign-affiliated U.S. energy companies fell from 12.4 percent to 6.5 percent between 1984 and 1985. Other U.S. energy companies also evidenced a decline in their return on equity from 9.8 percent in 1984 to 7.1 percent in 1985.

Through the acquisition of downstream petroleum assets, the role of foreign-affiliated companies in U.S. refining and marketing operations grew in 1985. Their share of U.S. crude distillation capacity rose from 14.6 percent in 1984 to 16.8 percent in 1985. In petroleum marketing, the foreign affiliates' share of gasoline supplied increased to 18.1 percent from 15.9 percent.

In U.S. oil and natural gas operations, the share of oil reserves owned by U.S. affiliates of foreign entities was nearly unchanged at 16.1 percent in 1985. The foreign affiliates' ownership share of natural gas reserves increased from 9.2 percent to 9.7 percent. Oil production of foreign affiliates, as a share of total U.S. oil production, rose slightly to 13.5 percent in 1985. Their share of natural gas production which was 6.0 percent in 1984 rose to 6.4 percent in 1985.

The role of foreign-affiliated companies in U.S. coal operations declined slightly in 1985. Their share of U.S. bituminous coal and lignite production was 17.3 percent in 1984 and 17.0 percent in 1985. As recently as 1980, their share of U.S. bituminous coal and lignite production was below 4 percent.

1. Introduction

This report is prepared in accordance with Section 657, Subpart 8, of the Department of Energy Organization Act (Public Law 95-91). This Act requires that the Secretary of Energy report to the President for transmittal to Congress:

... to the extent practicable, a summary of activities in the United States by companies or persons which are foreign owned or controlled and which own or control United States energy sources and supplies, including the magnitude of annual foreign direct investment in the energy sector in the United States

This report reviews the patterns of foreign ownership interest in U.S. energy enterprises, exclusive of portfolio investment. Throughout this report such foreign non-portfolio ownership interests in U.S. energy companies are referred to as "foreign direct investment" (FDI) and the U.S. affiliates in which a foreign entity holds an ownership interest are referred to as "foreign-affiliated" U.S. enterprises or companies.

By definition,⁴ "... a U.S. affiliate is a U.S. business enterprise in which a single foreign investor owns at least 10 percent of the voting securities or the equivalent ..." It should be noted that holding 10 percent or more of a company's voting stock does not necessarily constitute control of that company. The determination of control is a complex and often subjective process in which many factors other than the percentage of ownership must be considered.

The involvement of foreign-affiliated U.S. companies in domestic petroleum production, reserve holdings, refining and marketing activities, and coal production is profiled in this report. In addition, information on foreign activity in the U.S. uranium industry is presented. A financial profile of U.S. energy companies that are foreign-affiliated is presented with comparisons of 1984 and 1985 results. Capital and income flows in petroleum between the foreign owners and the foreign-affiliated U.S. companies and the international composition of ownership are reported. In addition, recent acquisitions of ownership interests in U.S. energy companies by foreign persons are summarized.

⁴ U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , June 1986). Also, it should be noted that, consistent with its definition, FDI activities portrayed throughout this report do not include any foreign investment activities in connection with less than 10 percent ownership.

2. Foreign Direct Investment in U.S. Petroleum and Coal

The information on foreign direct investment (FDI) in the United States is derived from published data from the U.S. Department of Commerce's quarterly reports required of foreign-affiliated U.S. enterprises. FDI is the cumulative net flow of funds between a foreign-affiliated company and its foreign owners. These capital flows consist of stock purchases and paid-in capital, retained earnings and other equity, and loans from and to the foreign parents.⁵ The change in FDI is not a measure of capital expenditures in the United States by foreign-affiliated U.S. companies. It is a measure of the net flow of capital between the foreign entities and their U.S. affiliates. It should be emphasized that investment flows out of, as well as into, the United States. As is discussed in the next section, U.S. direct investment abroad generally exceeds FDI in the United States, although the difference has been declining in recent years.

For U.S. Department of Commerce reporting purposes, petroleum consists of crude oil production (including natural gas liquids), natural gas production, oil field services, integrated refining, marketing, and transport. Foreign-affiliated companies classified in integrated petroleum refining accounted for 79 percent of the FDI in U.S. petroleum in 1985. The major foreign-affiliated U.S. petroleum companies identified by the Energy Information Administration (EIA) are Shell Oil Company, Standard Oil Company, E. I. du Pont de Nemours and Company, and American Petrofina. Foreign ownership ranges from 23 percent of Du Pont to 100 percent of Shell Oil.

Information on the role of foreign-affiliated companies in petroleum and other U.S. energy areas, based on EIA and other data sources, is presented in the next chapter.

Foreign Direct Investment and Rates of Return in U.S. Petroleum

The value of FDI in U.S. petroleum increased by \$2.7 billion from 1984 to \$28.1 billion in 1985. The petroleum share of total FDI in the United States remained unchanged at 15.4 percent (Table 1). Despite the continued decline in U.S. oil prices in 1985, the additions to petroleum FDI in 1985 have been exceeded only in 1984, when Royal Dutch/Shell expended \$4.5 billion for the purchase of Shell Oil common stock, and in 1981, when U.S. oil prices peaked (Figure 1).

A number of factors contributed to heightened interest of foreign investors in U.S. petroleum operations in 1985. One important factor was the continued slide in oil prices and earnings that adversely affected U.S. companies that had overextended their operations in anticipation of more favorable price levels. This led to large-scale asset disposals and consolidations within the United States, as well as acquisitions by foreign firms recognizing the economic opportunity to enhance their business base in the United States. A second important factor was the extensive restructuring of U.S. energy firms. The

⁵ One of the components of FDI consists of equity and intercompany account capital flows between a foreign parent and its U.S. affiliate measured on a net basis. Since this component is measured on a net basis, it can have a negative value.

restructurings were undertaken in part to adjust to changed business conditions, and, in part, to reduce heavy debt burdens incurred in connection with large scale acquisitions. The companies sought to reduce their liabilities by selling off redundant segments. Some of the major purchases of spun-off petroleum assets by foreign affiliates included:

- The Standard Oil Company purchased a refinery, service stations, and inventories of Gulf Oil from Chevron for \$613 million. In order to reduce the debt incurred in its merger with Gulf Oil, as well as receive Federal Trade Commission approval of the merger, Chevron has sold a considerable number of assets.
- Santa Fe International, an affiliate of Kuwait Petroleum Corporation, purchased Keydril Company, a drilling subsidiary also acquired in the Gulf Oil merger, from Chevron for \$190 million.
- Atlantic Petroleum Company, a Netherlands company, acquired the Philadelphia refinery and east coast service stations from Atlantic Richfield for \$420 million. Atlantic Richfield also sold approximately 400 service stations to Shell Oil in 1985. Through these sales Atlantic Richfield reduced the geographical scope of its refining and marketing operations to areas west of the Mississippi River.
- Broken Hill Proprietary, Ltd., purchased the U.S. oil and gas reserves of Monsanto for \$745 million.

Broken Hill also acquired Energy Reserves Group, an oil and gas producer, for \$227 million. In 1984, Broken Hill acquired Utah International, a major coal producer, for \$2 billion. Other large transactions, also related to additions to FDI in U.S. petroleum in 1985, were Royal Dutch/Shell's \$1.2 billion outlay for the remaining common stock of Shell Oil Company, and Placer Development's acquisition of Prairie Producing Company for \$194 million.

Table 1. Foreign Direct Investment in U.S. Petroleum and U.S. Direct Investment in Foreign Petroleum, 1980-1985

Year	FDI in U.S. Petroleum ^{a,b}	Total FDI ^b in U.S.	Petroleum as a Percent of Total	U.S. Direct investment in Foreign Petroleum ^{a,c}	U.S. Direct Investment ^c Abroad ^c	Petroleum as a Percent of Total
	(billion dollars)			(billion dollars)		
1980	12.2	83.0	14.7	47.6	215.4	22.1
1981	15.2	108.7	14.0	53.2	228.3	23.3
1982	17.7	124.7	14.2	57.8	207.8	27.8
1983	18.2	137.1	13.3	57.6	207.2	27.8
1984	25.4	164.6	15.4	59.1	213.0	27.7
1985	28.1	183.0	15.4	58.3	232.7	25.1

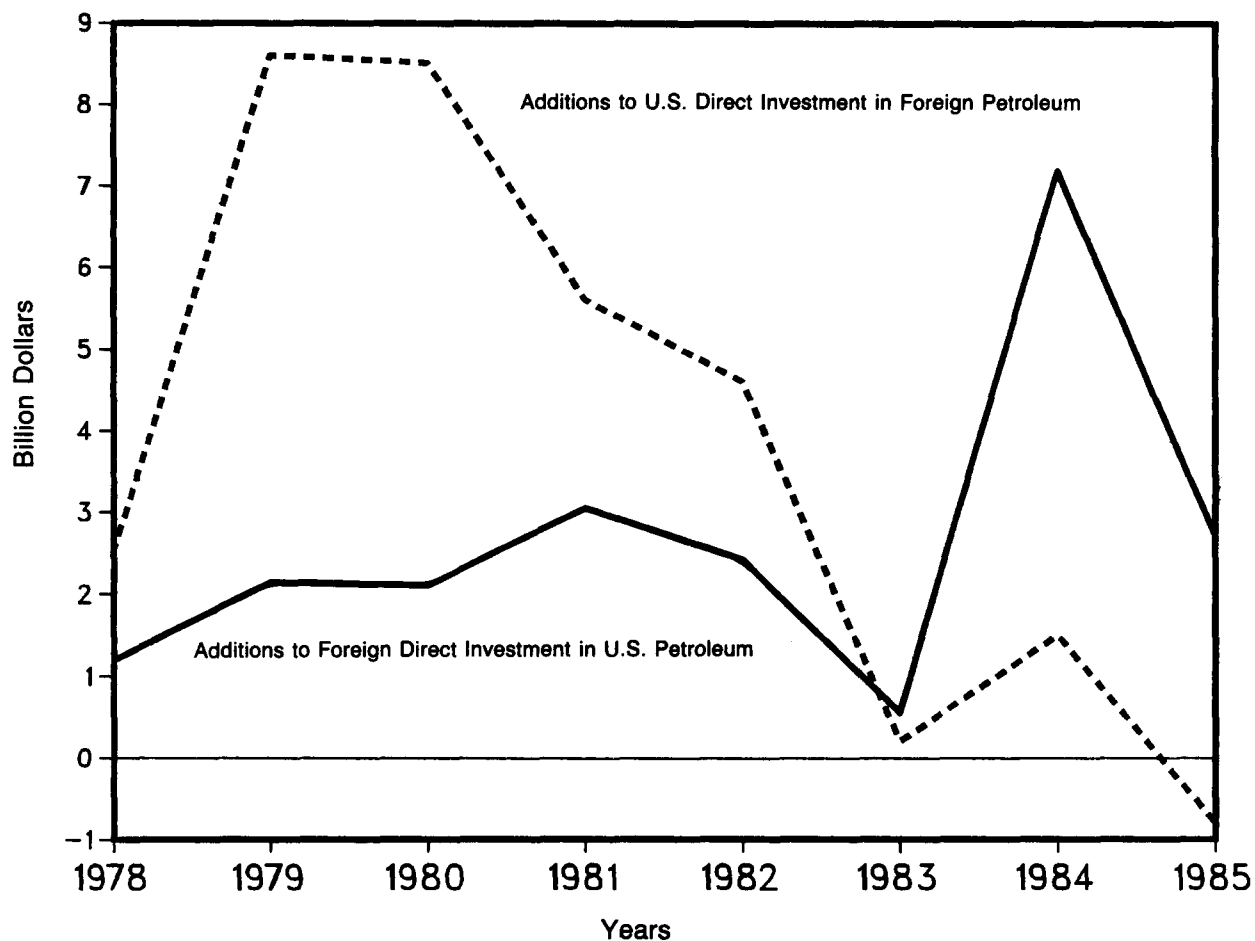
^aPetroleum Industry: includes all phases of petroleum exploration, production, refining, transport, and marketing.

^bThe Foreign Direct Investment (FDI) position is the value of foreign parents' net equity in, and outstanding loans to, U.S. affiliates at the end of the year.

^cThe value of U.S. parents' net equity in, and loans to, foreign affiliates.

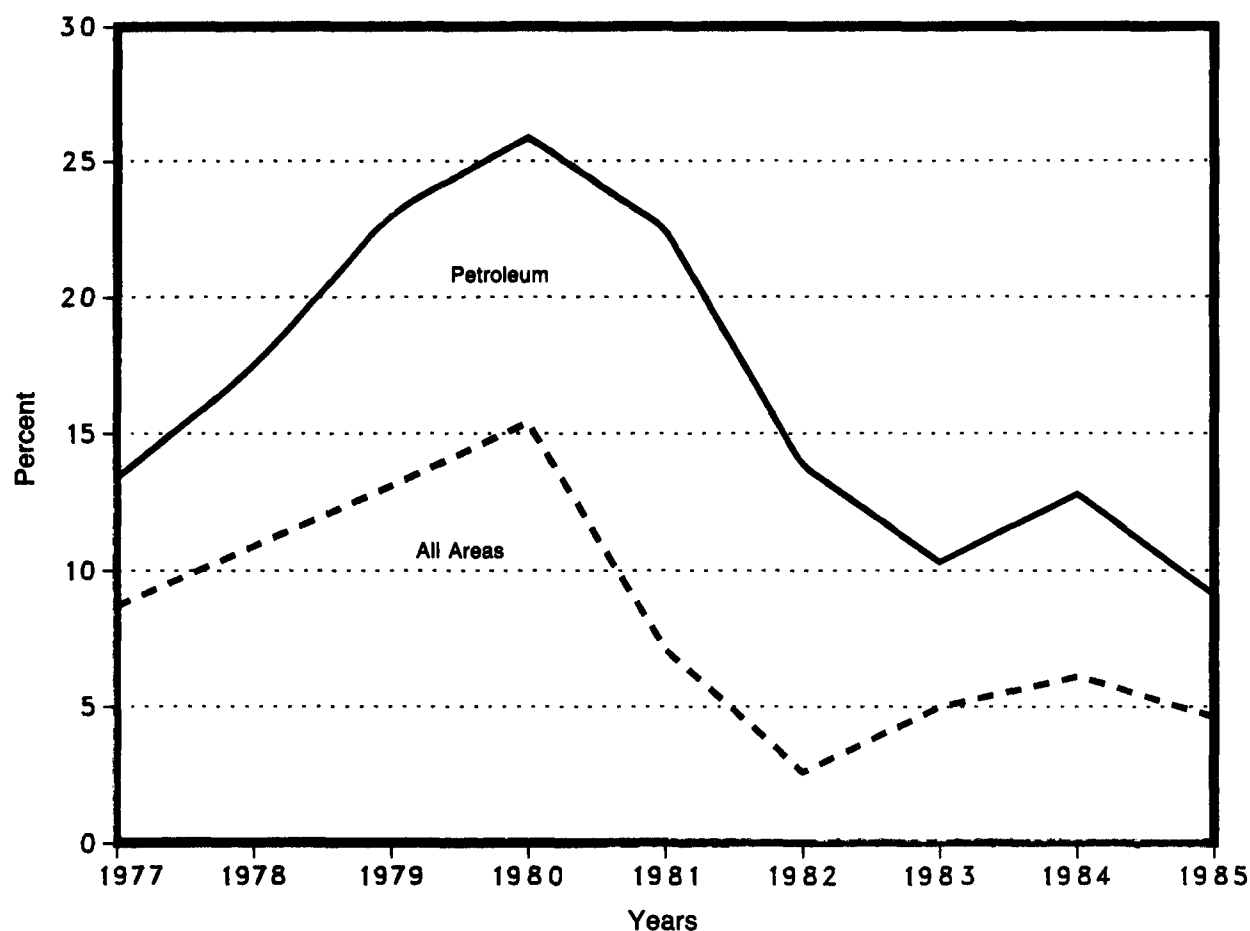
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , August 1986).

Figure 1. Additions to Foreign Direct Investment in U.S. Petroleum and U.S. Direct Investment in Foreign Petroleum, 1978-1985



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , August 1982 and August 1986).

Figure 2. Rates of Return on Foreign Direct Investment in the United States, 1977-1985^a



^aDefined as annual income from Foreign Direct Investment accruing to foreign parents divided by the average of beginning-year and ending-year FDI position of foreign parents.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, (Washington, D C , August 1982 and August 1986).

In contrast to the growth in petroleum FDI, direct investment abroad in petroleum by U.S. companies fell by \$0.8 billion from 1984 to \$58.3 billion in 1985. As a result, the petroleum share of total U.S. direct investment abroad fell from 28 percent in 1984 to 25 percent in 1985 (Table 1). The decline in petroleum direct investment abroad in 1985 appears to be largely the result of sales of foreign petroleum assets by U.S. companies to foreign-based companies. The largest transaction was the sale by Chevron of the majority of its stock in Gulf Canada, Ltd., to Olympia and York Developments, Ltd., a Canadian Company, for \$2.1 billion. In another large transaction, Occidental Petroleum received \$750 million in 1985 from Royal Dutch/Shell for a 50-percent interest in Occidental Petroleum's Colombian oil and gas operations.

Slower economic growth in the United States and increased competition from imports decreased the overall profitability of FDI in the United States (Figure 2).⁶ The return on FDI in petroleum was further reduced by lower oil and gas prices and lower natural gas demand. On an annual basis, the U.S. wellhead price of crude oil declined by \$1.80 per barrel, or 7 percent, between 1984 and 1985, while the wellhead price of natural gas fell by 5 percent from 1984 to 1985. U.S. natural gas production fell by 5 percent and crude oil production was up less than 1 percent for the same period. As a result, the differential profitability between overall FDI and FDI in petroleum continued to narrow in 1985. In 1981, the differential was over 15 percentage points, but in 1985 the differential was only 4.5 percentage points (based on the data in Figure 2).

Sources of Foreign Direct Investment in U.S. Petroleum

European interests continued to account for slightly over 90 percent of the FDI in U.S. petroleum (Table 2 and Figure 3). Investors in the Netherlands and the United Kingdom accounted for 84 percent of FDI in U.S. petroleum in 1985 largely through ownership interests in Shell Oil Company and the Standard Oil Company. The Canadian share of FDI in U.S. petroleum, with a value of 6 percent in 1985, changed minimally from 1984. Between 1981 and 1984 the Canadian share fell from 12 percent to 6 percent. Between 1981 and 1983, Canadian energy policies provided incentives and opportunities for increased ownership by Canadian investors of Canadian oil and gas operations. As a result, there was a decrease in the attractiveness of investment in U.S. energy for Canadian investors. However, beginning in 1984, these policies were moderated to make ownership incentives more market-oriented.

⁶ The rate of return is defined as the foreign investors' income from foreign-affiliated U.S. companies divided by the average of the beginning-of-year and end-of-year balances of the parents' foreign direct investment position. The foreign investors' income from the foreign-affiliated U.S. company is calculated by including its share in net income (after U.S. income taxes) plus net interest paid to the parents' intercompany accounts, less withholding taxes on dividends and interest. This rate of return measure is not directly comparable to rates of return computed from corporate financial data. An analysis of rates of return based on financial data is provided in Chapter 4.

⁷ Energy Information Administration, Monthly Energy Review, June 1986, DOE/EIA-0035(85/06) (Washington, D C , September 1986).

The OPEC countries' share of FDI in U.S. petroleum amounted to only 0.1 percent in 1985 (Table 2). As a share of the OPEC countries' overall direct investment in the United States, petroleum accounted for only 0.4 percent in 1985 (Table 3). However, Kuwait Petroleum Corporation's investment in Santa Fe International, acquired in 1981 for approximately \$2.5 billion, is classified under the category of "other" by the U.S. Department of Commerce even though Santa Fe International is a significant oil and gas producer. If the investment in Santa Fe International was classified as FDI in petroleum, then Kuwait would rank about third or fourth among countries with FDI in U.S. petroleum.

Table 2. Geographical Sources of Foreign Direct Investment in U.S. Petroleum, 1982-1985

Source	1982	1983	1984	1985	1982	1983	1984	1985
	(million dollars)				(percent of total)			
All Countries	17,660	18,209	25,400	28,123	100.0	100.0	100.0	100.0
Canada	1,550	1,391	1,544	1,659	8.8	7.6	6.1	5.9
Europe ^a	15,071	16,326	23,142	25,437	85.3	89.7	91.1	90.4
Netherlands	8,098	8,646	9,981	11,315	45.9	47.5	39.3	40.2
United Kingdom	5,444	5,955	10,991	12,246	30.8	32.7	43.3	43.5
Japan	113	-408	-88	31	0.6	-2.2	-0.3	0.1
Latin America ^b	906	829	656	608	5.1	4.6	2.6	2.2
Other	20	71	146	388	0.1	0.4	0.6	1.4
OPEC ^c	6	10	12	19	(^d)	0.1	(^d)	0.1

^aEurope consists of Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Sweden, Switzerland, and the United Kingdom.

^bLatin America consists of Western Hemisphere nations excluding the United States, Puerto Rico, the U.S. Virgin Islands, and Canada.

^cThe OPEC countries are Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela, and United Arab Emirates.

^dLess than .05 percent.

Note: Total may not equal sum of components due to independent rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , August 1986).

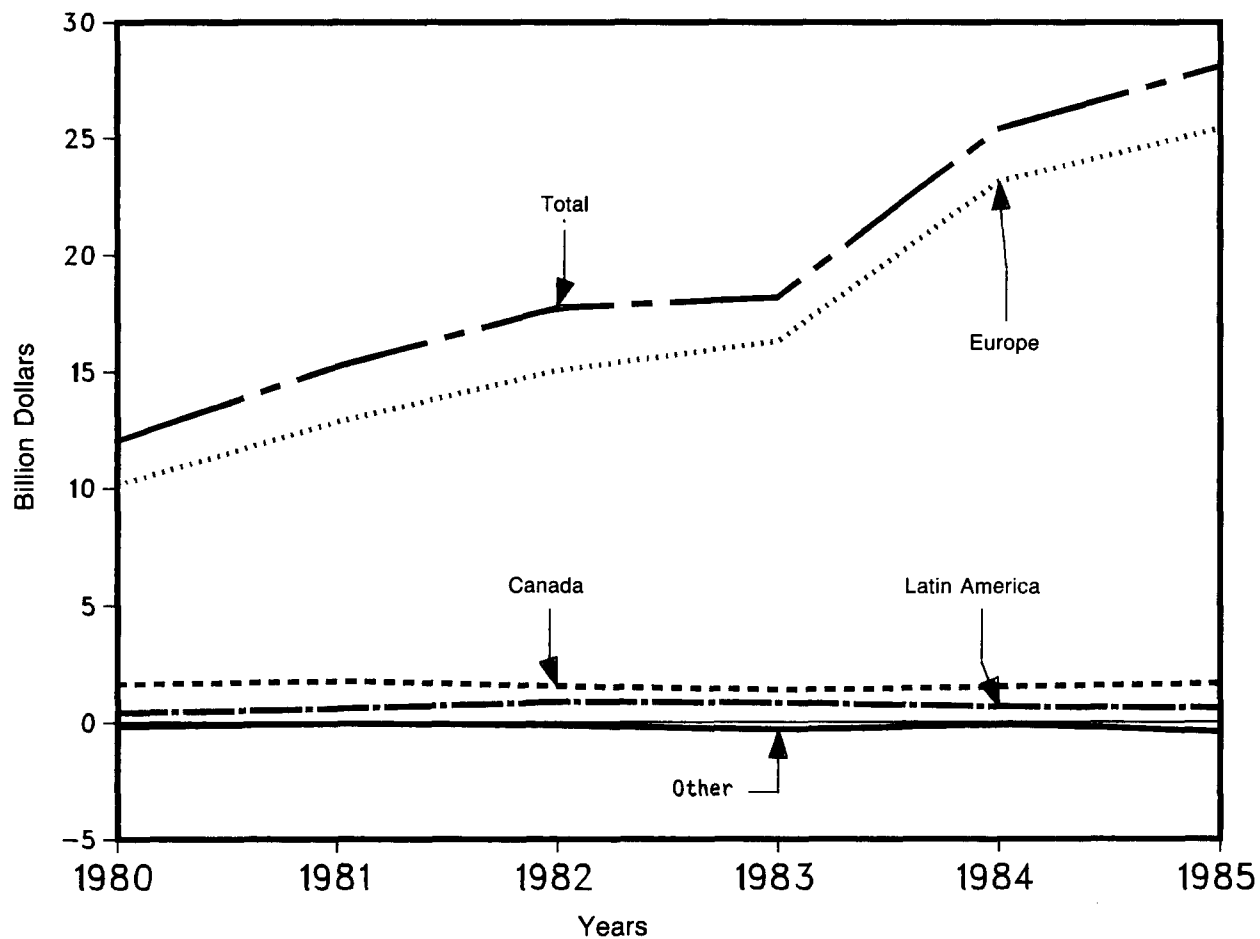
Table 3. OPEC Direct Investment in the United States, 1981-1985 (Million Dollars)

Investment Area	1981	1982	1983	1984	1985
Petroleum	(^a)	6	10	12	19
Manufacturing	49	31	-22	-21	-36
Wholesale Trade	(^a)	(^a)	139	167	137
Banking	122	202	205	268	309
Real Estate	376	555	614	707	737
Other	2,650	(^a)	3,093	3,759	3,394
Total	3,336	4,045	4,039	4,892	4,560

^aData withheld to prevent disclosure.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , August 1986).

Figure 3. Sources of Foreign Direct Investment in U.S. Petroleum by Geographical Area, 1980-1985



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , August 1986).

For the second consecutive year (net) capital flows⁸ from foreign parent companies to their U.S. petroleum affiliates exceeded reinvested earnings as a source of additions to FDI in U.S. petroleum. For most years prior to 1984, reinvested earnings was the primary source of additions to FDI in U.S. petroleum (Table 4). However, earnings available for reinvestment fell 19 percent between 1984 and 1985 (Table 5). Reinvested earnings fell over 40 percent during the same period. As noted in the previous section, petroleum earnings in 1985 were adversely affected by lower oil and gas prices and reduced natural gas production and consumption. Reinvested earnings were also lower because the total amount of dividends distributed to foreign investors rose substantially between 1984 and 1985, returning to the levels of 1982 and 1983.

**Table 4. Additions to Foreign Direct Investment in U.S. Petroleum, 1977-1985
(Million Dollars)**

Year	Total Additions	Equity and Intercompany Account Capital Flows	Reinvested Earnings of Incorporated Affiliates	Valuation Adjustments
1977	653	52	601	0
1978	1,189	303	940	-54
1979	2,144	499	1,645	0
1980	2,102	-59	2,161	0
1981	3,046	919	2,246	-119
1982	2,414	1,409	1,004	1
1983	549	-57	565	40
1984	7,191	5,581	1,628	-19
1985	2,723	1,835	883	5

Note: Components may not sum to total due to independent rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, (Washington, D C., August 1982, October 1984, and August 1986).

Foreign Direct Investment and Rates of Return in U.S. Coal

Coal production in the United States has been a significant area of interest for foreign investors in recent years. Between 1980 and 1985 the share of U.S. bituminous coal and lignite production attributable to foreign-affiliated U.S. coal producers rose from 4 percent to 17 percent (production data are discussed

⁸ Equity and intercompany account capital flows measure the investment and lending from the foreign parent to its U.S. affiliate on a net basis. Since this measure is on a net basis, it can be negative if, as occurred in 1980 and 1983, repayments by a U.S. affiliate to its foreign parent exceed the investments by the parent in the affiliate. Reinvested earnings are earnings of the U.S. affiliate due the foreign investor less dividends declared.

in Chapter 3). Over the same period, FDI in U.S. coal increased over five fold to \$2.7 billion (Table 6). The level of FDI rose sharply in 1981, when a number of Canadian, West German, and United Kingdom companies gained ownership in U.S. producing companies,⁹ and in 1984, when Broken Hill Proprietary, Ltd., acquired Utah International, General Electric's coal-producing subsidiary.

Table 5. Distributed and Reinvested Earnings for Foreign Direct Investment in U.S. Petroleum, 1981-1985 (Million Dollars)

Year	Earnings	Distributed	Reinvested
1981	3,118	872	2,246
1982	2,241	1,237	1,004
1983	1,593	1,028	565
1984	2,402	774	1,628
1985	1,946	1,063	883

Source: • 1984 and 1985: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , August 1986) • All 1983 data and reinvested earnings for 1981 and 1982: Survey of Current Business (Washington, D C , August 1985). • Earnings for 1981 and 1982: Survey of Current Business (Washington, D C , October 1984); distributed earnings for 1981 and 1982 were computed as the difference between earnings and reinvested earnings.

Table 6. Foreign Direct Investment, Additions to Foreign Direct Investment, and Rate of Return on Foreign Direct Investment in U.S. Coal, 1980-1985

Investment and Rate of Return	1980	1981	1982	1983	1984	1985
	(million dollars)					
FDI in U.S. Coal	478	1,135	1,208	1,281	2,637	2,705
Additions to FDI in U.S. Coal	--	657	73	73	1,356	68
	(percent)					
Rate of Return on FDI in U.S. Coal	--	1.9	-3.0	(^a)	-7.0	-3.3

^a Less than .05 percent.

--: not available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business (Washington, D C , August 1986).

⁹ U.S. Department of Energy, Secretary's Annual Report to Congress (Washington, D C , September 1983), Appendix A.

In 1985, additions to FDI in U.S. coal fell to \$68 million, the lowest level in at least 5 years. The reduced level of foreign investor interest was in part attributable to the decline in coal prices and coal production in the United States. On an annual basis, U.S. bituminous and lignite production fell 1.4 percent from 1984 to 1985. The annual average minemouth price of bituminous coal and lignite fell from \$25.51 per short ton in 1984 to \$25.10 in 1985.¹⁰

¹⁰Energy Information Administration, Quarterly Coal Report, April-June 1986, DOE/EIA-0121(86/2Q) (Washington, D C , October 1986).

3. Profiles of Foreign-Affiliated Companies' Roles in U.S. Energy Operations

Oil and Gas Reserves and Production

Foreign-affiliated companies' crude oil and natural gas liquids (NGL) reserves totaled 5.8 billion barrels at the end of the year in 1985.¹¹ Their 16.1-percent share of total U.S. proved reserves in 1985 was changed, slightly, from their 16.0-percent share in 1984. Foreign-affiliated oil and gas producers' natural gas reserves rose in 1985, mainly due to the purchase of Monsanto's reserves by Broken Hill Proprietary. U.S. industry overall reported declines in natural gas reserves between 1984 and 1985. Consequently, the foreign-affiliated companies' share of U.S. natural gas reserves increased from 9.2 percent to 9.7 percent.

U.S. companies' foreign oil reserve holdings were considerably greater than foreign affiliates' U.S. reserves. The foreign crude oil and NGL reserve interest of the 25 major U.S. energy companies reporting to EIA's Financial Reporting System (FRS)¹² for 1984 equaled 14.6 billion barrels (Table 8). This amount represented 2.3 percent of all free-world crude oil and NGL reserves outside of the United States, down slightly from the 2.4-percent share for 1984.¹³ However, production of crude oil and NGL to which these companies had direct access, either through their net ownership production or special purchase arrangements, was 17 percent of non-U.S. free-world production.¹⁴

Although the foreign-affiliated companies' share of U.S. crude oil and NGL reserves was nearly unchanged between 1984 and 1985, their share of crude oil and NGL production rose from 12.8 percent to 13.5 percent (Table 9). The increase in production for these companies, 83.6 thousand barrels per day (mb/d), was attributable primarily to the increase in Standard Oil Company's Alaskan production. This resulted from a favorable redetermination in 1985 of Standard Oil Company's share of production from the Prudhoe Bay Field in Alaska.¹⁵

¹¹ Reserves and production data reported in this section are on a net ownership basis and were compiled from company annual reports to shareholders and on Securities and Exchange Commission Form 10-K.

¹² See Energy Information Administration, Performance Profiles of Major Energy Producers 1984, DOE/EIA-0206(84) (Washington, D C , January 1986), for detailed financial and operating information concerning the FRS companies.

¹³ British Petroleum Company, BP Statistical Review of World Energy (London, June 1985).

¹⁴ Direct access includes net ownership production, foreign access, and purchases from the unconsolidated affiliates. For the FRS companies, direct access equaled 2.0 billion barrels in 1984. Total non-U.S. free-world production equaled 12.0 billion barrels (Energy Information Administration, Performance Profiles of Major Energy Producers 1984).

¹⁵ The Standard Oil Company, Annual Report 1985, p. 47.

Table 7. Domestic Oil and Dry Natural Gas Proved Reserves and Production for Foreign-Affiliated U.S. Companies, 1984 and 1985

Fuel Type	Foreign-Affiliated Companies ^a	U.S. Total	Foreign-Affiliated Share of U.S. Total (percent)
Crude Oil and Natural Gas Liquids^b			
Proved Reserves			
December 31, 1983	5,536	35,636	15.5
December 31, 1984	5,774	36,089	16.0
1984 Production	496	3,813	13.0
1984 Gross Reserve Additions	734	4,266	17.2
1984 Ratio of Gross Reserve Additions to Production	1.48	1.12	NM
Proved Reserves			
December 31, 1984	5,775	36,089	16.0
December 31, 1985	5,846	36,360	16.1
1985 Production	525	3,805	13.8
1985 Gross Reserve Additions	596	4,076	14.6
1985 Ratio of Gross Reserve Additions to Production	1.14	1.07	NM
Dry Natural Gas^c			
Proved Reserves			
December 31, 1983	17,331	200,247	8.7
December 31, 1984	18,234	197,463	9.2
1984 Production	1,041	17,193	6.2
1984 Gross Reserve Additions	1,944	14,409	13.5
1984 Ratio of Gross Reserve Additions to Production	1.87	0.84	NM
Proved Reserves			
December 31, 1984	18,220	197,463	9.2
December 31, 1985	18,762	193,369	9.7
1985 Production	1,045	15,985	6.5
1985 Gross Reserve Additions	1,587	11,891	13.3
1985 Ratio of Gross Reserve Additions to Production	1.52	0.74	NM

^aReserves and production are on a net working interest basis. The first set of reserves and production data, under each fuel type, is for companies identified as foreign affiliated and reporting oil and/or natural gas production during 1984. The second set of data is for companies identified as foreign affiliated during 1985 and reporting oil and/or natural gas production.

^bMillions of 42-gallon U.S. barrels.

^cBillions of cubic feet, 14.73 psia, 60 degrees Fahrenheit.

NM = Not meaningful.

Source: • Foreign-affiliated data: Companies' Form 10-K filed with the Securities and Exchange Commission and companies' annual reports to shareholders. • U.S. totals: Energy Information Administration, U.S. Crude Oil, Natural Gas, and Natural Gas Liquids Reserves, 1985 Annual Report, DOE/EIA-0216(85) (Washington, D C, October 1986).

Table 8. Foreign Crude Oil and Natural Gas Liquids Reserve Interest for FRS Companies, 1984 and Percent Change from 1983

Crude Oil and NGL Reserve Interest	Total Foreign	Canada	OECD Europe	Africa	Mideast	Other Eastern Hemisphere	Other Western Hemisphere
	(million barrels)						
Total Crude and NGL Reserve Interest ^a	14,630	2,419	4,306	3,522	1,499	1,945	939
	(percent)						
Percent Distribution by Geographic Region, 1984							
Total Crude and NGL Reserve Interest	100.0	16.5	29.4	24.1	10.2	13.3	6.4
Percent Change from 1983							
Total Crude and NGL Reserve Interest	-0.9	10.0	-5.9	15.2	-26.3	-4.9	9.8

^aThe components of total foreign crude oil and natural gas liquids reserve interest are net ownership interest reserves (89.8 percent) and "Other Access" reserves (10.2 percent). "Other Access" reserves include proportional interest in investee reserves and foreign access reserves.

Note: Total may not equal sum of components due to independent rounding. While four of the FRS companies are foreign-affiliated, their foreign reserves are a small portion of the FRS total.

Source: Energy Information Administration, Performance Profiles of Major Energy Producers 1984, DOE/EIA-0206(84) (Washington, D C , January 1986).

In 1985, total U.S. natural gas production fell in response to a reduced demand for natural gas. Total U.S. production of dry natural gas fell 5.5 percent in 1985 as compared to 1984. Foreign affiliates' dry natural gas production increased slightly, from 1,041 billion cubic feet to 1,045 billion cubic feet, resulting in an increase in their share of total U.S. dry natural gas production from 6.0 percent to 6.4 percent.

Refining and Gasoline Marketing

Foreign-affiliated companies' ownership of U.S. refining capacity increased to the highest level since at least 1977 (the first year for which data were summarized for this report). Standard Oil Company's purchase of the Gulf Oil refinery in Belle Chasse, Louisiana, from Chevron Corporation and Atlantic Petroleum Corporation's purchase of Atlantic Richfield's Philadelphia refinery added 333 mb/d to the total U.S. crude distillation capacity of foreign-affiliated companies in 1985. Although Du Pont shut down a refinery in Texas City, Texas, and American Ultramar shut down its Golden Eagle Refining Company in Carson, California, these shutdowns reduced foreign affiliates' crude distillation capacity by only 47 mb/d. On balance, the share of U.S. crude distillation capacity accounted for by foreign-affiliated companies rose from 14.6 percent in 1984 to 16.8 percent (2,601 mb/d) in 1985 (Table 10).

Table 9. Net Production of Petroleum and Dry Natural Gas in the United States by Foreign-Affiliated U.S. Companies, 1981-1985

Company	Crude Oil and Natural Gas Liquids ^a					Dry Natural Gas ^a				
	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985
	(thousand barrels per day)					(billion cubic feet)				
Standard Oil Company	717.3	693.7	613.2	633.9	718.6	^b 30.7	^b 33.1	^b 34.9	^b 32.1	^b 40.2
Shell Oil Co	514.0	520.5	523.3	532.8	528.8	664.3	607.0	539.0	590.0	602.0
Du Pont	139.8	137.0	117.8	120.2	120.2	250.9	262.0	213.0	248.0	231.0
American Petrofina	18.3	17.7	18.2	18.8	18.6	21.1	20.4	19.4	22.4	25.4
BHP Petroleum (Americas)	0.0	0.0	0.0	2.7	13.7	0.0	0.0	0.0	6.9	27.4
Husky Oil	14.8	15.0	15.6	0.0	0.0	9.7	9.0	9.1	0.0	0.0
W.R. Grace Co	11.6	11.2	10.0	8.5	5.1	36.9	34.7	29.4	30.8	24.6
Adobe Oil and Gas Corp	4.9	4.5	4.4	4.5	(^c)	11.2	10.5	9.3	10.3	(^c)
Total Petroleum Ltd.	4.5	4.6	3.6	4.4	4.5	10.7	10.0	8.9	8.3	8.0
Hiram Walker Resources	4.5	5.3	4.5	3.9	4.3	13.0	25.0	18.0	14.0	13.0
Newmont Mining	3.8	4.7	4.0	4.0	3.9	14.8	15.4	10.7	11.3	11.1
Bow Valley Industries	2.6	2.0	2.5	2.6	2.7	3.9	3.8	3.3	3.6	4.1
Adobe Resources Corp	(^c)	(^c)	(^c)	(^c)	2.6	(^c)	(^c)	(^c)	(^c)	5.4
Universal Resources Corp	NF	NF	NF	2.3	1.9	NF	NF	NF	7.7	8.6
Placer Development Ltd	0.0	0.0	0.0	1.1	1.7	0.0	0.0	0.0	3.5	5.1
Gulf Resources & Chemicals ...	NF	0.9	1.4	1.6	1.4	NF	5.8	10.2	10.3	9.0
Triton Energy Corp	NF	NF	NF	1.2	1.2	NF	NF	NF	2.5	3.0
Hamilton Oil Corp	NF	1.3	1.1	0.9	1.0	NF	5.6	4.4	5.8	5.2
Other Companies	1.7	2.3	5.3	11.2	8.0	12.8	12.6	14.8	33.7	21.9
Total Foreign Affiliated	1,437.8	1,420.7	1,324.9	1,354.6	1,438.2	1,080.0	1,054.9	924.4	1,041.2	1,045.0
Total for United States^d	10,230.0	10,252.0	10,299.0	10,554.0	10,636.0	19,181.0	17,758.0	16,033.0	17,392.0	16,440.0
Percent Foreign Affiliated ...	14.1	13.9	12.9	12.8	13.5	5.6	5.9	5.8	6.0	6.4

^aUnless otherwise noted, company production is net working interest production.

^bReported natural gas sales.

^cAdobe Resources Corporation was formed through the consolidation of Adobe Oil and Gas Corporation and Madison Resources, Inc., in 1985.

^dCrude oil and NGL production is the sum of field production of crude oil and natural gas plant liquids. Natural gas production is total dry gas production.

NF = Not foreign-affiliated in years shown.

Note: Total may not equal sum of components due to independent rounding.

Sources: • Company data: Form 10-K reports to the Securities and Exchange Commission and Annual Reports to Shareholders. • Totals for the United States: Energy Information Administration, Monthly Energy Review, June 1986, DOE/EIA-0035(86/06) (Washington, D.C., September 1986).

Table 10. U.S. Refinery Operations of Foreign-Affiliated U.S. Companies, 1980-1985

Company	Number of Refineries ^a						Total Crude Distillation Capacity ^a					
	1980	1981	1982	1983	1984	1985	1980	1981	1982	1983	1984	1985
	(thousand barrels per day)											
Shell Oil Co	8	8	7	7	7	7	1,136	1,162	1,092	1,005	1,115	1,020
Standard Oil	3	3	3	3	3	4	452	452	456	456	456	664
Du Pont	NF	8	7	7	7	6	NF	475	421	421	430	400
American Petrofina	2	2	2	2	2	2	150	150	150	150	150	150
Total Petroleum Ltd.	3	3	3	3	3	3	147	145	145	145	145	152
Atlantic Petroleum	NF	NF	NF	NF	NF	1	NF	NF	NF	NF	NF	125
Husky Oil Co	3	3	2	2	(^b)	(^b)	60	65	54	54	(^b)	(^b)
ATC Petroleum	2	2	(^c)	(^c)	(^c)	(^c)	25	25	(^c)	(^c)	(^c)	(^c)
Fletcher Oil & Refining ...	1	1	1	1	1	1	30	25	30	30	30	30
Asamera Oil Co. (U.S.)	1	1	1	1	1	1	40	39	26	26	26	26
MacMillan Ring-Free Oil Co.	NF	2	2	2	2	2	NF	17	17	17	17	17
American Ultramar, Ltd. ...	NF	1	1	2	2	1	NF	17	17	34	34	17
Golden Eagle Oil Co., Inc..	1	1	1	(^d)	(^d)	(^d)	16	16	16	(^d)	(^d)	(^d)
Adobe Oil and Gas Co	NF	1	(^c)	(^c)	(^c)	(^c)	NF	8	(^c)	(^c)	(^c)	(^c)
ICG-Vista Petroleum	2	(^e)	(^e)	(^e)	(^e)	(^e)	10	(^e)	(^e)	(^e)	(^e)	(^e)
Total Foreign Affiliated ..	26	36	30	30	28	28	2,066	2,595	2,423	2,337	2,293	2,601
Total United States	324	301	258	247	223	216	18,621	17,890	16,859	16,137	15,659	15,459
Percent Foreign Affiliated	8.0	12.0	11.6	12.1	12.6	13.0	11.1	14.5	14.4	14.5	14.6	16.8

^aRefineries operable as of December 31st in each year.

^bSold to RMT Properties, Inc. in 1984.

^cShutdown.

^dIncluded with American Ultramar, Ltd., after 1982. Refinery was shutdown in February 1985.

^eICG-Vista's refining capacity was sold to an American company (Flying J. Inc.) at the end of 1980.

NF = Not foreign affiliated during this period.

Source: • 1980: U.S. Department of Energy, Energy Information Administration, Petroleum Refineries in the United States and U.S. Territories, DOE/EIA-0111(81)(Washington, D C , May 22, 1981). • 1981: Energy Information Administration, Petroleum Supply Annual 1981, Volume 1, DOE/EIA-0340(81)/1(Washington, D C , July 1982). • 1982: Energy Information Administration, Petroleum Supply Annual 1982, Volume 1, DOE/EIA-0340(82)/1(Washington, D C , June 1983). • 1983: Energy Information Administration, Petroleum Supply Annual 1983, Volume 1, DOE/EIA-0340(83)/1(Washington, D C , June 1984). • 1984: Energy Information Administration, Petroleum Supply Annual 1984, Volume 1, DOE/EIA-0340(84)/1(Washington, D C , June 1985). • 1985: Petroleum Supply Annual 1985, Volume 1, DOE/EIA-0340(85)/1(Washington, D C , May 1986).

Table 11. Foreign Refinery Output and Capacity Statistics^a for FRS Companies and Foreign Industry, 1983 and 1984

Refinery Statistics	FRS Companies (thousand barrels per day)	Foreign Industry	FRS Percent of Industry
1983			
Refinery Output ^b	5,000	30,474	16.4
Percent Gasoline	26.3	19.9	21.6
Percent Distillate	35.4	30.6	19.0
Percent Other.....	38.3	49.5	12.7
Refinery Capacity ^c	6,457	41,427	15.6
1984			
Refinery Output ^b	4,696	32,501	14.4
Percent Gasoline.....	27.2	19.6	20.1
Percent Distillate.....	34.9	34.3	14.7
Percent Other.....	37.9	46.1	11.9
Refinery Capacity ^c	6,272	41,291	15.2

^a Foreign FRS and foreign industry data exclude operations in Puerto Rico and the U.S. Virgin Islands, as well as China and the Soviet Bloc.

^b Total output of refined products, for FRS companies, is total output at own refineries and refineries of others for own account.

^c Year-end crude distillation capacity in thousand barrels per calendar day.

Note: Total may not equal sum of components due to independent rounding.

Source: • FRS companies: Energy Information Administration, Performance Profiles of Major Energy Producers 1984, DOE/EIA-0206(84) (Washington, D C , January 1986). • Foreign Industry: Energy Information Administration, International Energy Annual 1984, DOE/EIA-0219(84) (Washington, D C , October 1985) and Energy Information Administration, International Energy Annual 1985, DOE/EIA-0219(85) (Washington, D C , October 1986).

With respect to U.S. affiliates abroad, Table 11 indicates that the non-U.S. free-world refining capacity owned by the FRS companies continued to decline. These companies sold, shut down, or otherwise disposed of 1,845 mb/d of crude distillation capacity abroad between 1979 and 1984. In 1984, their crude distillation capacity was 6,272 mb/d, or 15.2 percent of the non-U.S. free-world total.

Foreign-affiliated companies' role in U.S. gasoline marketing also increased sharply in 1985. Standard Oil purchased Gulf Oil's southeastern retail gasoline outlets from Chevron; Atlantic Petroleum acquired northeastern retail outlets from Atlantic Richfield; Du Pont added 500 new branded gasoline outlets; and Shell Oil reported acquiring 400 service stations in 1985. Partially offsetting the growth of foreign affiliates' role in gasoline marketing was the sale by Husky Oil of its U.S. petroleum operations. On balance, the number of foreign-affiliated companies' branded retail outlets increased by over 1,500 to 27,043 (Table 12). Their share of the U.S. total branded retail outlets increased from 19.3 percent in 1984 to 21.7 percent in 1985.

Table 12. Branded Retail Outlets and Total Gasoline Supplied by Foreign-Affiliated U.S. Companies, 1982-1985

Company	1982	1983	1984	1985
Total Branded Retail Outlets				
Shell Oil Co	12,282	12,147	11,010	11,129
Du Pont	4,702	5,091	5,430	6,276
American Petrofina	4,201	4,037	4,385	4,249
Standard Oil Co	2,200	2,100	2,100	2,900
Total Petroleum Ltd.	1,797	1,863	1,847	1,942
Atlantic Petroleum	NF	NF	NF	547
Husky Oil Co	562	698	720	0
Asamera Oil Co. (U.S.)	93	95	0	0
Total for Above	25,837	26,031	25,492	27,043
U.S. Total ^a	144,690	136,570	132,080	124,600
Percent of U.S. Total for Above	17.9	19.1	19.3	21.7
Total Gasoline Supplied^b				
(thousand barrels per day)				
Total Foreign Affiliated ^c	1,092	1,022	1,066	1,235
U.S. Total	6,539	6,622	6,693	6,831
Percent Foreign Affiliated ...	16.7	15.4	15.9	18.1

^aService station establishments with 50 percent or more of their income from petroleum product sales.

^bGasoline Supplied refers to average daily gasoline shipments.

^cIndividual company numbers are considered proprietary by the Energy Information Administration.

NF= Not foreign affiliated during this period.

Sources: • Company station counts: National Petroleum News (Factbook Issue), 1981-1986, except for Du Pont (1984), Standard Oil Company (all years), and Husky Oil Company (all years) for which data were taken from annual reports to shareholders and Atlantic Petroleum for which data were provided by the company. • U.S. total outlets: U.S. Department of Commerce, Franchising in the Economy, 1984-1986 (Washington, D C , February 1986). • Company gasoline volumes: Energy Information Administration, Form EIA-782c. • Total gasoline supplied: Energy Information Administration, Monthly Energy Review, June 1986, DOE/EIA-0035(86/06) (Washington, D C , September 1986).

Paralleling the growth in retail outlets was the growth in gasoline supplied by foreign-affiliated companies. Their share of total gasoline supplied in the United States rose from 15.9 percent in 1984 to 18.1 percent in 1985.

Coal Production

In 1985, no significant acquisitions by foreign investors of coal producing companies or assets were identified. By contrast, in 1984, the acquisition of Utah International by Broken Hill Proprietary added 15 million tons of coal production to the total coal production of foreign affiliates. Foreign-affiliated companies' annual coal production declined by 3.5 percent between 1984 and 1985, while for U.S. industry as a whole the comparable decline was a lesser 1.4 percent. As a result, foreign-affiliated companies share of U.S. coal production slipped from 17.3 percent to 17.0 percent (Table 13). Nevertheless, their share of coal production in 1985 was exceeded only by their share in 1984 (Figure 4).

Most of the growth in the role of foreign-affiliated companies as coal producers in the United States was the result of acquisitions rather than production increases. Acquisitions accounted for 87 percent of the increase in foreign-affiliated companies' share of U.S. coal production between 1980 and 1981, which rose over the period from 3.8 percent to 12.9 percent. In 1982, 54 percent of the increase in the foreign-affiliates' U.S. coal production share was attributable to acquisitions. The foreign-affiliates' share remained nearly unchanged between 1982 and 1983 as no significant acquisitions occurred in 1983. The acquisition of Utah International accounted for 49 percent of the foreign affiliates' increase in U.S. coal production in 1984.

Uranium Exploration

Expenditures for uranium exploration and development in the United States fell 24.2 percent between 1984 and 1985 to \$20.1 million. However, the decline, though substantial, was the smallest, both in absolute and in percentage terms, since 1980. Foreign-affiliated companies' expenditures declined 21.2 percent to \$5.2 million and the number of foreign-affiliated companies reporting expenditures declined from nine to six (Table 14). Their share of expenditures rose by one percentage point to 25.9 percent.

Table 13. Bituminous Coal and Lignite Production and Source of Ownership of Foreign-Affiliated Coal Companies in the United States, 1983-1985

Controlling Company	Foreign-Ownership	Coal Production ^a		
	Interest	1983	1984	1985
		(thousand short tons)		
Consolidation Coal Co. (Du Pont)	JES Holding, Inc.	43,265	42,796	42,411
A.T. Massey Coal Co.	Royal Dutch/Shell ^b	18,218	23,541	24,407
Utah International, Inc.	Broken Hill Proprietary Co	NF	15,189	13,812
Standard Oil Company	British Petroleum	10,506	15,666	13,061
Westmoreland Coal Co.	Veba Kohle International	12,708	12,511	10,876
Shell Oil Co.	Royal Dutch Shell	7,010	8,085	8,240
Pyro Mining Co.	Costain Group ^c	3,300	4,300	6,933
Enoxy Coal, Inc.	Ente Nazionale Idrocarburi ^d	3,935	3,771	4,585
W.R. Grace and Co.	Flick Group	5,098	5,436	3,734
Steel Company of Canada	Steel Company of Canada	2,640	2,672	3,561
Ashland Coal Co.	Saarbergwerke AG/Carboex	2,409	2,903	2,798
Inspiration Coal, Inc.	Hudson Bay Mining and Smelting Co., Ltd.	587	1,355	2,762
Gulf Resources and Chemical	HCI Holdings, Ltd./Private Investor	3,352	3,444	2,698
Bow Valley Coal Resources	Bow Valley Industries, Ltd.	4,255	2,745	2,453
Cannelton Industries, Inc.	Algoma Steel, Ltd.	2,236	1,862	2,111
AMCA Resources	(unidentified) Netherlands Antilles Group	1,926	2,519	1,660
Cannelton Industries, Ltd.	Cannelton Industries, Ltd.	649	769	892
Aquitaine Company of Canada	Aquitaine Company of Canada	1,342	998	748
Scotts Branch Co.	Holland Carbon Fuels	686	574	636
Coal Corp. of America (Shaker Division)	Campbell Resources	520	646	333
Roag-Melcroft	Roag Rohstoff und Verarbeitungs	1,411	215	300
Avery Coal Co.	Trafalgar Industries	400	127	127
Adobe Oil and Gas Corp.	Francana Oil and Gas, Ltd.	1,778	2,178	0
Husky Industries	Husky Oil, Ltd.	215	205	0
Total Foreign Affiliated		128,446	154,507	149,138
Total United States		778,002	891,759	878,930
Percent Foreign Affiliated		16.5	17.3	17.0

^aCoal production refers to lignite and bituminous coal production only.

^bJoint venture with Fluor Corporation.

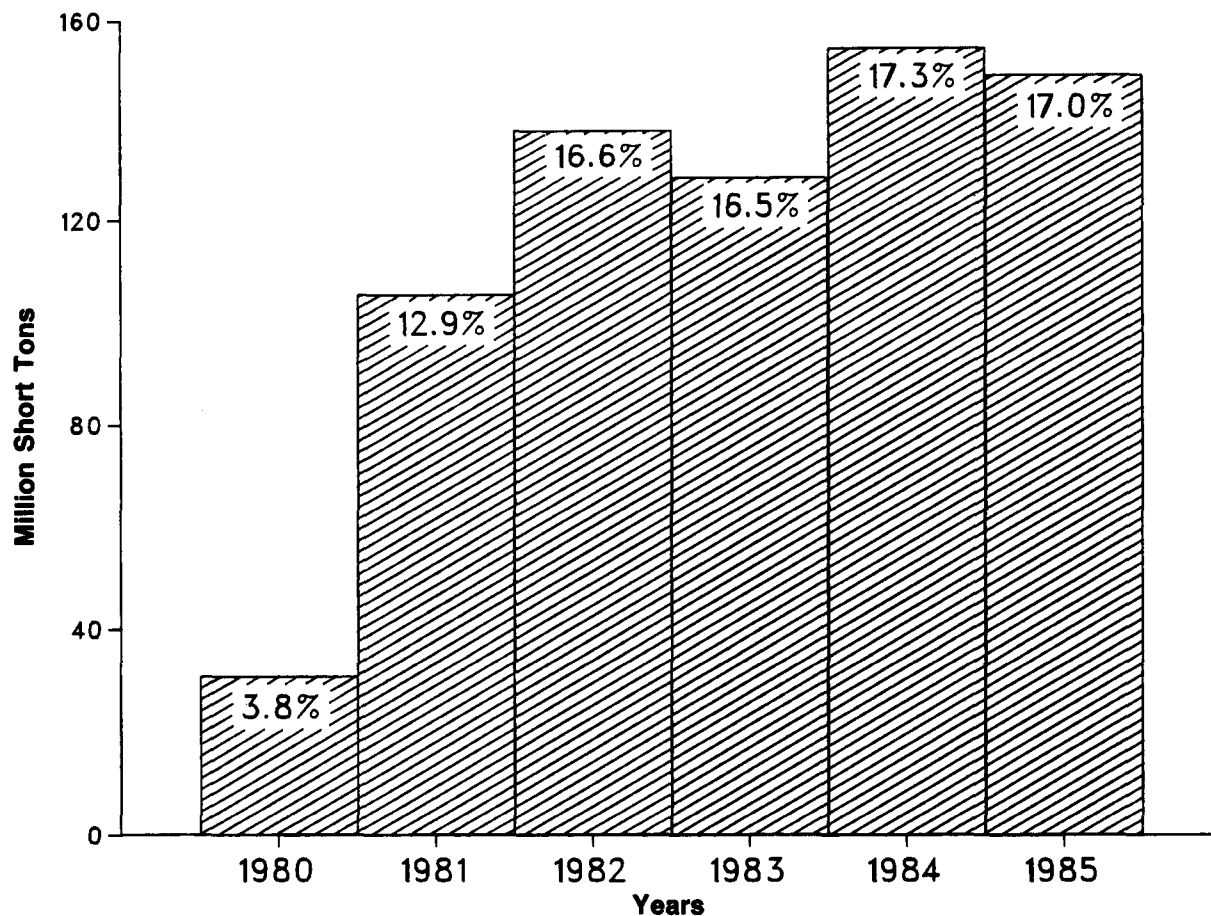
^cJoint venture with Pyro Energy Corporation.

^dJoint venture with Occidental Petroleum Corp.

NF = Not foreign affiliated during this period.

Sources: • Coal ownership: Energy Information Administration, U.S. Department of Energy, Directory of Coal Production Ownership 1979; Moody's Industrial Manual, 1982-86; and the U.S. Department of Commerce, International Trade Administration, Foreign Direct Investment Activity in the United States, monthly and quarterly reports. • Coal company production data: Keystone Coal Industry Manual, "U.S. Coal Production by Company," 1983-1985 (except Adobe Oil and Gas Corporation for which production was reported in their annual report to shareholders) and Keystone News Bulletin (New York, February 1986). • U.S. total: Energy Information Administration, Quarterly Coal Report, April-June 1986, DOE/EIA-0121(86/2Q) (Washington, D C , October 1986).

Figure 4. Production and Share of U.S. Total Bituminous Coal and Lignite of Foreign-Affiliated U.S. Companies, 1980-1985



Source: • 1980: U.S. Department of Energy, Annual Report to Congress, Appendix A, DOE/S-0010(84) (Washington, D.C., September 1984). • 1981: Energy Information Administration, Profiles of Foreign Direct Investment in U.S. Energy, 1983, DOE/EIA-0466 (Washington, DC, February 1985). • 1982-1985: Keystone Coal Industry Manual, 1983-1986 editions. • U.S. Totals: Energy Information Administration, Quarterly Coal Report, DOE/EIA-012(86/2Q) (Washington, DC, October 1986).

Table 14. Foreign Participation in U.S. Uranium Exploration, 1976-1985

Year	Exploration and Development Expenditures by Foreign-Affiliated Companies	Total U.S. Exploration and Development Expenditures	Foreign Percent of U.S. Total	Number of Foreign-Affiliated Companies
	(million dollars)			
1976	13.2	170.7	7.7	15
1977	21.7	258.1	8.4	17
1978	39.3	314.3	12.5	31
1979	34.1	315.9	10.8	28
1980	37.6	267.0	14.1	28
1981	24.6	144.8	17.0	25
1982	14.6	73.6	19.8	14
1983	4.8	36.9	13.0	9
1984	6.6	26.5	24.9	9
1985	5.2	20.1	25.9	6

Source: Energy Information Administration, Uranium Industry Annual 1985, DOE/EIA-0478(85) (Washington, D C , December 1986).

4. Financial Profiles and Transactions of Foreign Affiliated U.S. Energy Companies

As stated in the first section of this report, the measures of FDI and associated income published by the U.S. Department of Commerce are designed to conform with the international transactions accounts. These measures are not designed to gauge the performance of foreign-affiliated U.S. companies from a financial reporting perspective. In this section, comparisons of corporate financial indicators between foreign-affiliated U.S. energy companies and other U.S. energy companies are presented.¹⁶ Aspects of corporate financial performance reported in this section include investment and growth, profitability, dividend payout, and asset structure.

Financial Profiles

Both energy companies, and manufacturing in general, experienced declines in net income in 1985, following noticeable increases in net income in 1984. Table 15 shows that net income fell 32.6 percent for corporations classified in energy industries and fell 15.9 percent for all U.S. manufacturing corporations. Both groups of companies were adversely affected by reduced economic growth. However, with the exception of petroleum refining and marketing operations, most energy industries were further hurt by lower prices and reduced production.

Additionally, many energy companies, particularly the larger companies, restructured their assets during 1985. Restructuring frequently results in charges against income associated with the planned sale of assets, as the assets on a companies' books are written down to market prices. For example, 18 of the major energy companies in the FRS group reported special charges against net income totaling \$5.1 billion in 1985 compared to \$2.3 billion in 1984.¹⁷

In 1985, net income was down sharply for both foreign-affiliated energy companies and the energy industry comparison group. For the foreign affiliates, net income declined by almost \$3 billion, or 46 percent, to \$3.4 billion (Table 16). However, two companies, Schlumberger and the Standard Oil Company, accounted for 70 percent of the decline. Both of these companies reported substantial writedowns of asset values in 1985 (\$0.5 billion and \$1.1 billion, respectively,

¹⁶ The financial information presented in this section was drawn from the consolidated financial statements contained in Standard and Poor's Compustat II Industrial File. The energy industry comparison group is composed of companies other than the foreign-affiliated companies on the Compustat file that are classified under the four-digit Standard Industrial Classification (SIC) industry categories of crude oil and natural gas production (1311), petroleum refining (2911), oil field services (1381, 1382, and 1389), and bituminous coal and lignite production (1211), excluding companies that have been identified as foreign-affiliated, or companies whose operations are foreign-based, or companies whose U.S. operations are already included in U.S. companies that have been identified as foreign-affiliated.

¹⁷ Based on data from Form EIA-28 and annual reports to shareholders.

on an after-tax basis).¹⁸ Since a large part of the¹⁹ decline in foreign affiliates' net income was due to non-cash charges,¹⁹ cash flow was not as severely affected by energy-market developments as was net income. Cash flow of the foreign-affiliated companies actually increased, slightly, by 2.6 percent, between 1984 and 1985. For the energy industry comparison group, cash flow also increased despite a sharp decline in net income.

Table 15. Percent Change in Net Income and Return on Stockholders' Equity, 1983-1985 (Percent)

Industries	Percent Change in Net Income			Return on Stockholders' Equity		
	1983	1984	1985	1983	1984	1985
Total Energy Industry ^a	-5.2	9.9	-32.6	10.6	11.3	8.0
All U.S. Manufacturing Corporations	21.0 ^b	25.4 ^b	-15.9 ^{b,c}	10.6	12.5	10.4 ^c

^a Includes all companies on the Compustat II Industrial File classified in Standard Industrial Code (SIC) industries 1211 (bituminous coal and lignite mining), 1311 (crude petroleum and natural gas production), 1381 (oil and gas well drilling), 1382 (oil and gas field exploration), 1389 (oil and gas field services), and 2911 (petroleum refining).

^b Percent change in corporate profits after income taxes.

^c 1985 figure is the annual average from the first quarter through the third quarter.

Source: • Energy Industries: Compustat II Industrial File. • Corporate profits after income taxes for all U.S. manufacturing corporations and return on stockholders' equity for all U.S. manufacturing corporations: Economic Report of the President 1986, pp. 354-355.

Although the net income of the foreign-affiliated energy companies was reduced considerably from the prior year's level, their capital spending was reduced by a slight 3.7 percent, to \$12.9 billion in 1985. By contrast, capital expenditures of the energy industry comparison group fell by 30.4 percent. However, the 1984 capital expenditures of this group include the purchase values associated with the mergers in which Chevron acquired Gulf Oil, Mobil acquired Superior Oil, and Texaco acquired Getty Oil. Excluding Chevron, Mobil, and Texaco, the capital expenditures for the energy industry comparison group were down a lesser 9 percent.

¹⁸ Based on 1985 annual reports to shareholders.

¹⁹ Most writedowns of asset values involve only book values and do not require any actual cash outlays.

Table 16. Selected Financial Information for Foreign-Affiliated U.S. Energy Companies, 1984 and 1985

Category	Foreign-Affiliated U.S. Energy Companies ^a			Energy Industry Comparison Group ^b		
	1984	1985	Percent Change	1984	1985	Percent Change
Financial Items	(billion dollars)			(billion dollars)		
Revenues	88.5	89.7	1.4	472.6	456.4	-3.4
Net Income.....	6.3	3.4	-46.0	16.4	10.6	-35.4
Cash Flow ^c	15.2	15.6	2.6	53.2	56.1	5.5
Capital Outlays.....	13.4	12.9	-3.7	62.4	43.4	-30.4
Total Assets.....	103.1	107.4	4.2	431.5	417.1	-3.3
Financial Ratios	(percent)					
Return on Equity ^d	12.4	6.5		9.8	7.1	
Dividends/Net Income..	43.0	82.7		65.3	124.1	
Dividends/Cash Flow...	17.7	18.0		20.2	23.4	
Debt/Equity ^e	38.1	35.4		59.3	62.9	

^aIncludes incorporated U.S. energy companies which are foreign-affiliated and for which publicly reported financial information is available. Also included are foreign parent companies for which data for U.S. operations were not separately disclosed. For 1984 these companies were: Adobe Oil and Gas Corp., American Petrofina, Arabian Shield Development Co., Argonaut Energy Corp., Asamera Inc., Bengal Oil and Gas Corp., Bow Valley Industries Ltd., Campbell Resources Inc., Chieftain Development Co. Ltd., Drillers Inc., E.I. du Pont de Nemours and Company, Gulf Resources and Chemical Co., Hamilton Oil Corp., Hart Exploration and Production Co., Hiram Walker Resources Ltd., Inspiration Resources Corp., Inter-City Gas Corp., Jefferson-Williams Energy Corp., M.A. Hanna Co., MacMillan Ring-Free Oil Co., Minden Oil, and Gas, Newmont Mining Corp., Norris Oil Co., North Canadian Oils Ltd., Oceanic Exploration Co., Petrotech Inc., Placer Development Ltd., Premier Resources Ltd., Pyro Energy Corp., Ranger Oil Ltd., Rio Algom Ltd., Schlumberger Ltd., Scurry-Rainbow Oil Ltd., Seagull Energy Corp., Shell Oil Co., Southland Energy Corp., Standard Oil Company, Total Petroleum of North America, Towner Petroleum Co., Triton Energy Corp., United Canso Oil and Gas Ltd., Universal Fuels Co., Universal Resources, Wentex International Inc., Westmoreland Coal Co., and W.R. Grace and Company. In 1985, 4 additional companies are included, all of which were partly or wholly acquired by foreign entities during 1985. The additional companies are: Adobe Resources Corp., Arapaho Petroleum Inc., Barret Resources Corp., and Harken Oil and Gas Inc. In 1985 Adobe Oil and Gas Corp. was consolidated into Adobe Resources Corp.; Hart Exploration and Production Co. was acquired by Broad Energy Corp., a private company; Jefferson-Williams Energy Corp. was acquired by Harken Oil and Gas Inc.; Towner Petroleum Co. became SKZ, a private company; and Wentex International liquidated their oil and gas holdings. All data for the companies were derived from the Compustat II Industrial File except the data for Adobe Oil and Gas Corp. (1984) and Adobe Resources Corp. (1985) which were obtained from annual reports to shareholders.

^bThe comparison group is derived from aggregates available from the Compustat II Industrial File for the following four digit (SIC) industries: 1211 (bituminous coal and lignite mining), 1311 (crude petroleum and natural gas production), 1381 (oil and gas well drilling), 1382 (oil and gas field exploration), 1389 (oil and gas field services), and 2911 (petroleum refining). The Compustat aggregates are adjusted by subtracting out data for companies which have been identified as foreign-affiliated, or whose operations are foreign-based, or foreign-based companies whose U.S. operations are already included in U.S. companies identified as foreign-affiliated.

^cMeasured as funds from operations.

^dDefined as net income divided by end-of-year stockholders' equity.

^eDefined as end-of-year long-term debt divided by end-of-year stockholders' equity.

Source: Compiled from Compustat II Industrial File and company annual reports.

In terms of the rate of profit, both groups of companies fared poorly in 1985 as compared to 1984. Return on equity (net income as a percent of stockholders' equity) declined from 12.4 percent in 1984 to 6.5 percent in 1985 for the foreign-affiliated energy companies. For the energy industry comparison group the decline was from 9.8 percent to 7.1 percent. It is of interest to note that 1985 was the first year since at least 1980 (the first year that return on equity was included in this report) that the return on equity for the foreign-affiliated energy companies was less than that of the energy industry comparison group.

In recent years, major energy companies have been under pressure to increase the returns to their stockholders. The pressure has been evidenced through takeover threats and declines in the market value of the companies relative to the book value of the companies. A number of major energy companies have sought enhancement of their market value through repurchase of their common stock and an increase in dividends paid to shareholders. Foreign-affiliated companies also increased their dividend payout in 1985. As a share of net income, their cash dividends rose from 43.0 percent to 82.7 percent in 1985. As a share of cash flow, dividends rose, though slightly, from 17.7 percent to 18.0 percent in 1985. Dividend payout moved in a similar direction for the energy industry comparison group.

Foreign Direct Investment Transactions in U.S. Energy Markets

This section presents a summary of equity acquisitions, mergers, joint ventures, lease acquisitions, and other transactions related to FDI activity in 1985. The transactions identified in this section were derived from a variety of public sources and do not necessarily reflect the confidential data submitted by foreign affiliates to the U.S. Department of Commerce, as reported in Chapter 2. However, the transactions reported in this section appear to be drawn from the most accurate information that is publicly available and should describe broad trends and developments in the composition of FDI in U.S. energy.²⁰

²⁰ The identified FDI-related transactions for 1985 are listed in Tables A1 and A2 in the Appendix as are the information sources. Information for 1981 and 1982 FDI-related transactions is drawn from Appendix A of the U.S. Department of Energy, Secretary's Annual Report to Congress, DOE/S-0010(83) (Washington, D C , September 1983), and Appendix A of U.S. Department of Energy, Annual Report to Congress, DOE/S-0010(84) (Washington, D C , September 1984), respectively. The 1983 information appeared in Energy Information Administration, Profiles of Foreign Direct Investment in U.S. Energy 1983, DOE/EIA-0466 (Washington, D C , February 1985), and 1984 information appeared in Energy Information Administration, Profiles of Foreign Direct Investment in U.S. Energy 1984, DOE/EIA-0466(84) (Washington, D C , December 1985).

It should be noted that because the information utilized in this section can come only from public sources, validation is not always possible. Nevertheless, the information presented in this section is useful for discerning broad trends in the composition of FDI-related transactions.

By industry, virtually all of the 1985 FDI activity occurred in the petroleum industry (Table 17). The largest transaction, \$1.2 billion, gained the Royal Dutch/Shell Group of Companies 100 percent ownership of Shell Oil Company in 1985. This transaction followed an outlay of \$4.5 billion in 1984 which increased the parent company's ownership share to 96 percent. Sale of downstream petroleum assets to foreign-affiliated companies by Chevron Corporation and Atlantic Richfield Corporation increased the role of foreign affiliates in U.S. refining and marketing. Chevron's sale of assets followed its merger with Gulf Oil and Atlantic Richfield's sale was part of an effort to restructure the company's asset base. Transactions that exceeded \$100 million in 1985 include Atlantic Petroleum Company's \$420 million purchase of Atlantic Richfield's Philadelphia refinery and service stations in the northeastern United States; Standard Oil Company's purchase of a Gulf Oil refinery and southeastern U.S. service stations for \$613 million; and Shell Oil's purchase of service stations from Atlantic Richfield for an estimated \$150 million. Chevron also sold its interest in Keydril Company, acquired in the Gulf Oil merger, to Santa Fe International Corporation for \$190 million. Keydril engages in offshore oil and gas exploration and Santa Fe International is a subsidiary of Kuwait Petroleum Corporation.

Table 17. Distribution of the Value of Foreign Direct Investment Transactions^a by Industry, 1981-1985^b (Percent)

Industry	1981	1982	1983	1984	1985	1986
Petroleum.....	79.6	60.3	87.8	77.2 ^{oe}	99.1	91.5
Coal.....	20.2	32.4	11.3	19.7	0.9	7.6
Other.....	0.2	7.3	1.0	3.1	0.0	0.9
Total.....	100.0	100.0	100.0	100.0	100.0	100.0

^a Excludes transactions for which dollar values were not reported.

^b Includes acquisition of Sedco, Inc., by Schlumberger Ltd. in December, 1984, for \$967 million. This transaction was inadvertently omitted in Tables 17 and 18 and Table A1 of the 1984 version of this report.

Note: Total may not equal sum of components due to independent rounding.

Source: • 1985: the percent distribution is based on Tables A1 and A2 in the Appendix. • 1981-1984: Energy Information Administration, Profiles of Foreign Direct Investment in U.S. Energy 1984, DOE/EIA-0466(84) (Washington, D C , December 1985).

also gained ownership of Energy Reserves Group, Inc., an oil and gas company, for \$227 million. In an acquisition valued at \$194 million, Placer Development, Ltd., a Canadian company, gained an ownership interest in Prairie Producing Company.

The composition of the value of FDI-related transactions in 1985 with respect to type of transaction was somewhat different from the year before. Ownership acquisitions accounted for 49.1 percent of the value of FDI-related transactions in 1985, compared to 61.5 percent in 1984 (Table 18).

Table 18. Distribution of the Value of Foreign Direct Investment Transactions^a by Type of Transaction, 1981-1985^b (Percent)

Type of Transaction ^b	1981	1982	1983	1984	1985	1986
Stock/Equity Acquisition.....	74.1	58.2	16.9	61.5 ²⁰	49.1	57.6
Property or Lease Acquisition...	16.7	10.6	55.7	31.6	29.2	24.2
Joint Venture.....	9.2 ^c	10.2	4.1	0.9	0.3	16.3
Other.....	(^d)	21.0	23.4	6.0	21.4	1.9
Total.....	100.0	100.0	100.0	100.0	100.0	100.0

^a Excludes transactions for which dollar values were not reported.

^b Stock/equity acquisitions include purchases of common stock and purchases of subsidiary companies of U.S. corporations. Property or lease acquisitions include purchase of producing energy properties and acquisitions of leases from Federal and State governments. Joint ventures include the value of a foreign entity's share in a joint venture in the United States. Other transactions largely consist of plant expansions, long-term supply contracts, and purchase of existing plant and equipment.

^c Includes acquisition of Sedco, Inc., by Schlumberger Ltd., in December, 1984, for \$967 million. This transaction was inadvertently omitted in Tables 17 and 18 and Table A1 of the 1984 version of this report.

^d Less than 0.05 percent.

Note: Total may not equal sum of components due to independent rounding. ²⁰ A3

Source: • 1981-1984: the percent distribution is based on Tables A1 and A2 in the Appendix. • 1985-1986: Energy Information Administration, Profiles of Foreign Direct Investment in U.S. Energy 1984, DOE/EIA-0466(84) (Washington, D C, December 1984).

The difference largely reflects the extraordinarily large purchase of Shell Oil Company stock by Royal Dutch/Shell for \$4.5 billion in 1984. Transactions categorized as "other" include facilities expansion, acquisition of existing plant and equipment, and long-term energy supply contracts. The increase in the share of the value of FDI-related transactions falling into this category, from 6.0 percent in 1984 to 21.4 percent in 1985, reflects the acquisition of petroleum refining and marketing assets by foreign-affiliated companies in 1985.

Appendix

Completed Foreign Direct Investment Transactions, 1985 6

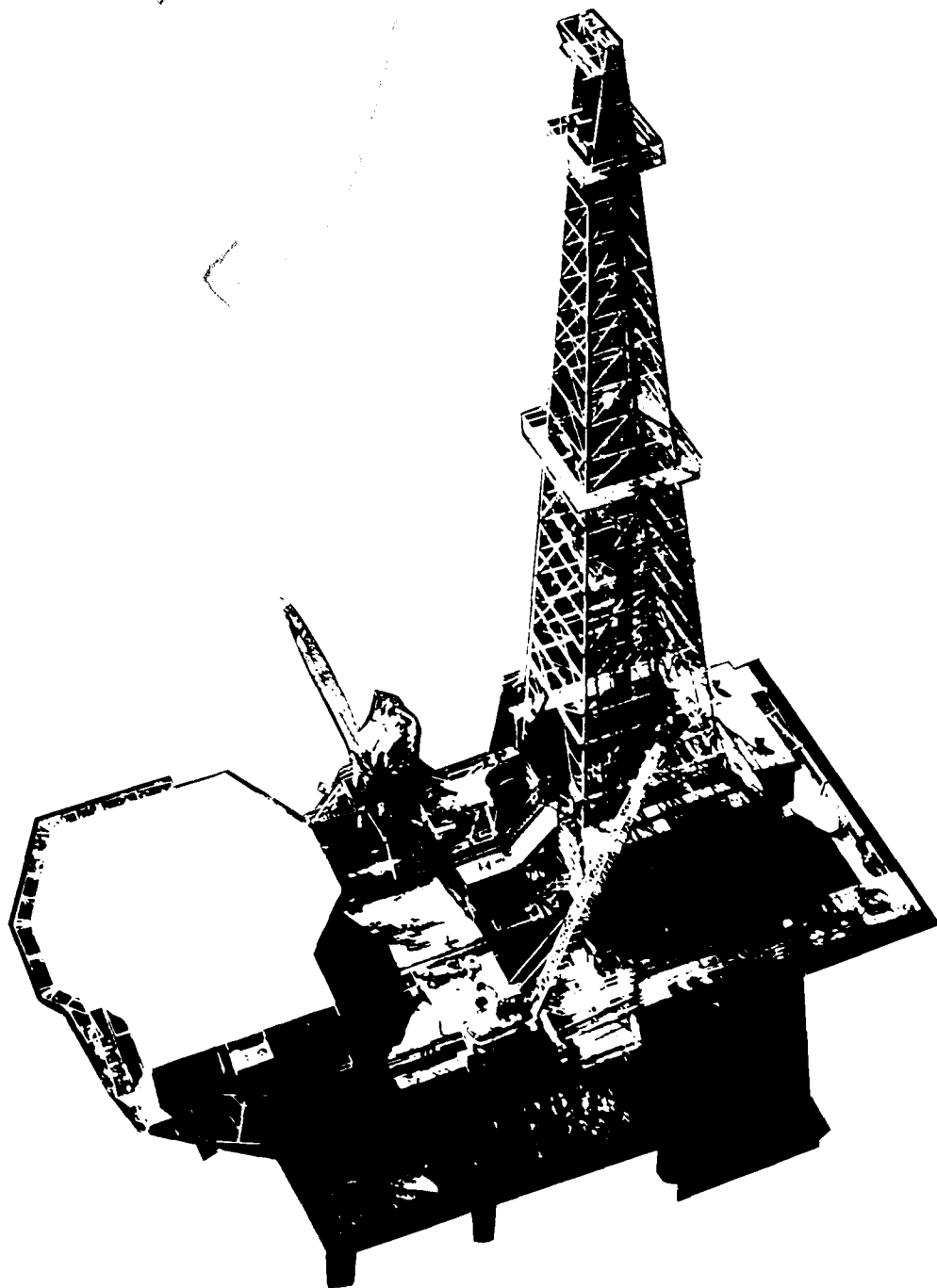


Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
ROYAL DUTCH/SHELL GROUP (Netherlands) SPNV Holdings	Integrated petroleum operations	Shell Oil Co. (TX)	Integrated petroleum operations	Stock acquisition	1,167.0	6-85
BROKEN HILL PROPRIETARY LTD (Australia) BHP Petroleum (Americas) Inc.	Diversified energy mining, manufacturing	Oil and gas reserves of Monsanto Oil Co. (TX) (Monsanto Co.) (MO)	Oil and gas exploration and production	Property acquisition reserves	745.0	12-85
BRITISH PETROLEUM CO PLC (United Kingdom) The Standard Oil Co.	Integrated petroleum operations	Refinery, service stations, oil inventories (Gulf Oil) from Chevron Corp. (CA)	Integrated petroleum operations	Asset acquisition	613.0	6-85
JOHN DEUSS (Netherlands) Atlantic Petroleum Co.	Oil trading, refining, marketing	East coast refinery, service stations of Atlantic Richfield Co. (CA)	Integrated oil and gas operations	Asset acquisition	420.0	10-85
ROYAL DUTCH/SHELL GROUP (Netherlands) Shell Oil Co.	Integrated petroleum operations	Oil leases (90) Gulf of Mexico	--	Lease acquisition	232.1	5-85
BROKEN HILL PROPRIETARY LTD (Australia) BHP Acquisition Co.	Investment and holdings	Energy Reserves Group Inc. (KA)	Oil and gas exploration and production	Equity acquisition	227.0	7-85
ROYAL DUTCH/SHELL GROUP (Netherlands) Shell Oil Co.	Integrated petroleum operations	Bullwinkle, new well, Gulf of Mexico (LA)	Oil and gas exploration and production	Property acquisition	200.0	11-85

Note: Footnotes appear on the last page of the table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
PLACER DEVELOPMENT LTD (Canada) PDL Acquisition Inc.	Oil, natural gas, and other minerals production	Prairie Producing Co. (TX)	Oil and gas exploration and production	Stock acquisition	194.0	1-85
KUWAIT PETROLEUM CORP (Kuwait) Santa Fe International Corp.	Oil and gas exploration and production	Keydril Co. (TX) (Chevron Corp.) (CA)	Offshore contract drilling, engineering, and construction	Stock acquisition	190.0	4-85
ROYAL DUTCH/SHELL GROUP (Netherlands) Shell Oil Co.	Integrated petroleum operations	Service stations of Atlantic Richfield Corp. (CA)	Integrated petroleum operations	Asset acquisition	150.0	7-85
BRITTOIL PLC (United Kingdom) Britoil Ventures Inc.	Oil and gas exploration and production	Midlands Energy Co. assets (TX) (Freeport-McMoran) (NY)	Oil and gas exploration and production	Equity acquisition	73.5	6-85
HARIRI, RAFIK and FAMILY (Saudi Arabia) Sunshine Mining Co.	Investments	Woods Petroleum Corp. (OK)	Oil and gas exploration and production	Equity acquisition	45.3	7-85
PAN CANADIAN PETROLEUM LTD (Canada)	Oil and gas exploration and production	Anschutz Ranch East (Tom Brown Inc.) (TX)	Oil and gas exploration and production	Stock acquisition	45.0	2-85
ANGLO AMERICAN CORP OF SOUTH AFRICA LTD (South Africa) Adobe Resources	Investments	High Plains Oil Corp. (CO)	Oil and gas exploration and production	Stock acquisition	42.9	12-85

Note: Footnotes appear on the last page of table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (million of dollars)	Date of Transaction
CARLESS, CAPEL AND LEONARD PLC (United Kingdom) Carless Resources Inc.	Diversified energy development and investments	RSC Energy Division of LTV Corp. (OH)	Oil and gas exploration and production	Stock acquisition	39.6	7-85
SEAGRAM CO LTD (Canada) Conoco Inc.	Integrated petroleum operations	Milne Point Project, new well (AK)	--	Property acquisition	36.6	11-85
LABMIN RESOURCES (Canada) Norcen Energy Resources Ltd. (Canada)	Oil and gas exploration and production	Oil and gas leases in Mississippi & Alabama	--	Lease acquisition	29.5	12-85
TRAFALGAR HOUSE PLC (United Kingdom) Trafalgar House Oil & Gas Inc. U.S.A.	Investments, oil and gas exploration and production	Oil interests of Southland Royalty Co. (TX)	Oil and gas exploration and production	Equity acquisition	26.5	7-85
BURMAH OIL PLC (United Kingdom)	Petroleum refining and distribution	Leed Petroleum Corp. (CO) (Atlantic Oil Co.)	Onshore oil and gas exploration and field services	Stock acquisition	26.0	8-85
BRALORNE RESOURCES LTD (Canada)	Oil field equipment manufacturing	Mark Products (TX)	Oil field equipment manufacturing	Stock acquisition	18.7	5-85
BRONFMAN FAMILY (Canada)	Holdings and investments	Oil and gas leases Gulf of Mexico	--	Lease acquisition	18.4	5-85
ENTE NAZIONALE IDROCARBURI (Italy) AGIP Petroleum Co.	Oil and gas exploration and production	Oil and gas leases Gulf of Mexico	--	Lease acquisition	12.5	6-85

Note: Footnotes appear on the last page of the table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
WESTPOOL INVESTMENT TRUST PLC (United Kingdom)	Investments	Oil wells (2) (LA)	--	Property acquisition	11.3	8-85
IDEMITSU KOSAN LTD (Japan) Idemitsu Oil Exploration (California) Co.	Integrated petroleum operations	Santa Barbara Channel oil leases (6) of Atlantic Richfield Co. (CA)	--	Lease acquisition	11.0	4-85
SIMON ENGINEERING PLC (United Kingdom)	Holding company; construction	Geosearch Seismic Survey (TX)	Seismic studies for oil and gas exploration	Equity acquisition	10.0	1-85
HELMUT GAENSEL and Gaensel Gold Mines Cia Ltd (Bolivia)	Mining investments	Western Petroleum Corp. (CO)	Oil and gas exploration and production	Equity acquisition	8.5	1-85
BRITTOIL PLC (United Kingdom)	Integrated petroleum operations	Oil field assets of Hinkle Exploration Ltd (TX)	Oil and gas exploration and production	Joint venture (with AMAX)	8.0	6-85
INOCO PLC (United Kingdom)	Oil and gas exploration and production	NEO Energy Inc. (TX) (Pasadena Technology Corp.)	Oil and gas exploration	Stock acquisition	7.7	2-85
RUSHDEN INVESTMENTS LTD (United Kingdom)	Investments and Holdings	Keldon Oil Co. (ND)	Oil and gas exploration field services	Equity acquisition	6.5	11-85
DICKSON TOO (HOLDINGS) LTD (Hong Kong)	Petroleum marketing	Shun Fook Enterprises (CA)	Petroleum marketing	Equity investment	4.8	10-85
KRATOS MINERALS NL (Australia)	Oil and gas exploration & production	Earth Energy Inc. (TX)	Oil and gas exploration and production	Stock acquisition	4.0	1-85

Note: Footnotes appear on the last page of the table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (million of dollars)	Date of Transaction
FAKHRO, HASSAN (Bahrain) Intoil EC	Investments	Arapaho Petroleum Co. (CO)	Oil and gas exploration and production	Equity acquisition	3.7	3-85
SEAGRAM CO LTD (Canada)	Investments, dis- tilling, energy	Conoco-Tenneco plant (NM)	Natural gas processing plant	Joint venture	3.4	9-85
SAPPHIRE PETROLEUM PLC (United Kingdom) Sapphire Petroleum Ventures Inc.	Oil and gas explo- ration & production	Chaparral Resources Inc. (WY)	Oil and gas exploration and production	Joint venture	2.6	5-85
SCHLUMBERGER ET CIE (France)	Oil and gas explo- ration & production	Oil and gas leases (6) Gulf of Mexico (AL)	--	Property acquisi- tion	2.2	5-85
ANGLO-SWISS ENERGY SA (Switzerland)		Bengal Oil and Gas Corp. (TX)	Oil and gas exploration and production	Equity acquisition	2.0	1-85
WETTREICH, DANIEL (United Kingdom)	Real estate develop- ment	Apache Resources Ltd (TX)	Oil and gas exploration and production	Equity acquisition	0.7	3-85
QUASHA, PHYLLIS (Australia)		Harken Oil and Gas Corp. (TX)	Oil and gas exploration and production	Equity acquisition	0.1	6-85
MOONIE OIL CO. (Australia) TMOO Inc. (NY)	Oil exploration, transportation	Avalon Corp. (NY)	Gas exploration, real estate	Equity investment	0.1	11-85
ROYAL DUTCH/SHELL GROUP (Netherlands) Shell Oil Co.	Integrated petroleum operations	Wallace Oil Co. (GA)	Petroleum marketing	Asset acquisition	NA	6-85

Note: Footnotes appear on the last page of the table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
SABA ENERGY LTD (Canada)	Oil and gas exploration and development	Properties of Amoco Production (CO) (Amoco Corp.) (IL)	Oil and gas exploration and development	Property acquisition	NA	6-85
IBN ABDUL, KAHLED IBN ABDULLAH (Saudi Arabia)	Investor	Arabian Shield Development Co. (TX)	Oil and gas field services	Equity acquisition	NA	5-85
GIESKES, H.L.J.M. (Netherlands) Vitol Beheer NV	Investments and Holdings	Barrett Resources Corp. (CO)	Oil and gas exploration and production	Equity acquisition	NA	11-85
BRITISH PETROLEUM PLC (United Kingdom)	Integrated petroleum operations	Britoil U.S. Holdings Inc. (TX)	Oil and gas exploration and development	Office expansion	NA	5-85
ANGLO-AMERICAN CORP OF SOUTH AFRICA LTD (South Africa)	Oil and gas and other mining	Cheniere Petroleum Corp. (TX) (Buchanan Oil Corp.)	Oil and gas exploration and development	Stock acquisition	NA	12-85
SEAGRAM CO LTD (Canada) E.I. DuPont de Nemours	Investments and Holdings	Conoco Oil well (CA)	--	Property acquisition	NA	1-85
COGERE SA (Switzerland)	Investments and holdings	Graley Resources, Inc. (CO)	Oil and gas exploration and development	Equity acquisition	NA	5-85
ENTE NAZIONALE IDROCARBURI (Italy) ACIP Petroleum Co.	Oil and gas exploration & production	Gulf of Mexico oil lease (AL)	--	Lease acquisition	NA	5-85

Note: Footnotes appear on the last page of the table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
VEBA AG (Federal Republic of Germany) Mark Producing Inc.	Oil and gas exploration & production	Oil and gas leases (17), Gulf of Mexico (AL)	--	Lease acquisition	NA	5-85
PETROFINA SA (Belgium) American Petrofina Inc.	Integrated petroleum operations	Oil and gas leases (25), Gulf of Mexico (LA)	--	Lease acquisition	NA	7-85
PHILIP HILL INVESTMENT TRUST PLC (United Kingdom)	Investments	ITR Petroleum Inc. (TX)	Oil and gas exploration and development	Equity acquisition	NA	8-85
ROYAL DUTCH/SHELL GROUP (Netherlands) Shell Oil Co.	Integrated petroleum operations	KMI Continental Inc. offshore oil assets	Oil and gas exploration and development	Asset acquisition	NA	6-85
LMS AMERICAN HOLDINGS (United Kingdom)	Oil and gas exploration & production	LMS American Holdings (TX)	Oil and gas exploration and production	New office building	NA	9-85
CHAUDHARY, ILYAS (Canada) Saba Energy Inc.	Oil and gas exploration & production	Madison Avenue Inc. (TX)	Oil and gas exploration and development	Equity acquisition	NA	9-85
ROYAL DUTCH/SHELL GROUP (Netherlands) Shell Offshore Inc.	Integrated petroleum operations	MAPCO Oil and Gas Co. assets	Oil and gas exploration and development	Asset Acquisition	NA	6-85
ROYAL DUTCH/SHELL GROUP (Netherlands) Shell Oil Co.	Integrated petroleum operations	California properties of Marathon Oil Co. (OH)	Oil and gas exploration and production	Property acquisition	NA	6-85

Note: Footnotes appear on the last page of the table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
BRITISH PETROLEUM PLC (United Kingdom) The Standard Oil Co.	Integrated petroleum operations	New wells (3) Gulf of Mexico (TX)	--	Property acquisition	NA	4-85
PANAFRUIT OVERSEAS INC. (Panama)	Holding company	Norsul Oil and Mining Ltd. (GA)	Oil and gas exploration and production	Equity acquisition	NA	6-85
IDEMITSU KOSAN LTD (Japan) Idemitsu Oil Exploration (California) Co.	Oil and gas exploration & production	New oil well (LA)	--	Property acquisition	NA	5-85
THE BRITISH PETROLEUM CO PLC (United Kingdom) Sohio Petroleum Co.	Oil and gas exploration & production	Oil well (LA)	--	Property acquisition	NA	9-85
SNEA (France) Elf Aquitaine Inc and Total Petroleum Inc	Oil and gas exploration & production	Oil wells (14) (TX)	--	Property acquisition	NA	12-85
PALLISER INTERNATIONAL ENERGY INC (Canada)	Oil and gas exploration & production	Penn Pacific Corp. (LA)	Oil and gas exploration and production	Equity acquisition	NA	8-85
SCHLUMBERGER LTD (Netherlands Antilles)	Holding company and field services	POGO Producing Co. (TX)	Oil and gas exploration and production	Equity acquisition	NA	1-85
BRITISH PETROLEUM CO PLC Sohio Petroleum Co.	Oil and gas exploration & production	Sanve 1-15 oil well (OK)	--	Property acquisition	NA	7-85

Note: Footnotes appear on the last page of the table.

Table A1. Completed Transactions by Size in the Petroleum Industry from January 1985 through December 1985 (Continued)

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
BRITISH PETROLEUM CO PLC (United Kingdom) The Standard Oil Co.	Integrated petroleum operations	Sohio Petroleum Co. Gulf of Mexico well (FL)	--	Property acquisition	NA	6-85
COMETRA OIL CO. SA (Belgium)	Oil and gas exploration & production	Valex Petroleum Inc. (CO)	Oil and gas exploration and production	Equity acquisition	NA	5-85
SCHWAB, D. AND FLURSCHEUTZ, G. (Federal Republic of Germany)	Investments	Egret Energy Corp. (TX)	Oil and gas exploration field service	Equity acquisition	NA	4-85
UK TEMPERANCE AND GENERAL PROVIDENT INSTITUTION (United Kingdom)	Life insurance, Investments & holdings	Petrotech Inc. (MI)	Oil and gas exploration service	Equity acquisition	NA	5-85
STATES EXPLORATION LTD (Canada)	Holding company	WEPCO Energy Co. (OH)	Oil and gas exploration service	Equity acquisition	NA	11-85
EMH (France)	NA	EMH Systems Inc. (TX)	Offshore oil and gas field services	New subsidiary	NA	9-85
PETROFINA SA (Belgium)	Integrated petroleum operations	American Petrofina Inc. (TX)	Integrated petroleum operations	Plant modernization at Point Arthur	NA	5-85
BRITOL PLC (United Kingdom)	Integrated petroleum operations	Britoil (USA) Holdings (TX)	Oil and gas exploration and development	Office expansion	NA	5-85
PARIBAS (France)	Banking and financial services	United Refining Co. (PA)	Petroleum products	Asset acquisition	NA	11-85
MITSUI & CO., LTD	Oil trading	Westport Petroleum Co. (CA)	Oil trading	New subsidiary	NA	9-85

--: Not applicable.

NA: Not available.

Note: Transactions include acquisitions of equity, acquisitions of properties, joint ventures, and other combined activities. Date of transaction may reflect a publication date rather than an actual transaction date.

Source: See last page of the Appendix.

Table A2. Completed Transactions by Size in the Coal Industry from January 1985 through December 1985

Acquiring Company	Acquiring Company Activity	Affected Company	Affected Company Activity	Type of Transaction	Size of Transaction (millions of dollars)	Date of Transaction
COSTAIN GROUP PLC (United Kingdom) Costain Holdings Inc.	Energy, contracting, real estate	Industrial Fuels Corp. (MI) (Mid-Con Corp.)	Coal mines in Kentucky and Ohio	Stock acquisition	42.0	2-85
SATURN ENERGY AND RESOURCES LTD (Canada)	NA	Coal assets of United Financial Operations Inc. (CO)	--	Asset acquisition	NA	2-85

--: Not applicable

NA= Not available

Note: Transactions include acquisitions of equity, acquisitions of properties, joint ventures, and other combined activities. Date of transaction may reflect a publication date rather than an actual transaction date.

Source: See last page of the Appendix.

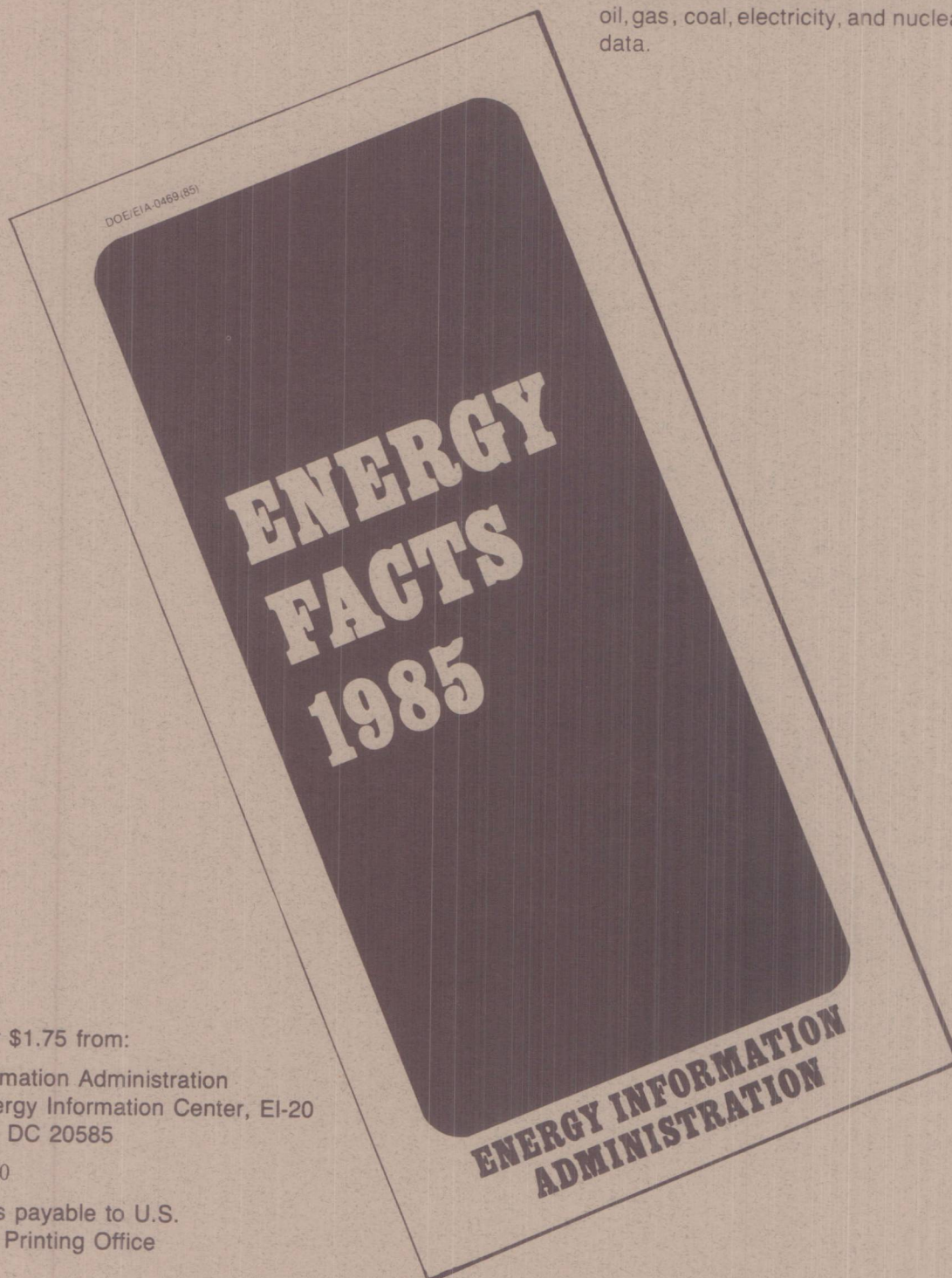
Sources

Sources used in compiling the information presented in Tables A1^{A2/} and A7³ include:

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